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[FULL CONTENTS PAGE VIII]

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CURRENT HISTORY

NOVEMBER 1931

America's Present Role in World Affairs

By JOHN CARTER

Division of Western European Affairs, United States Department of State

PRESIDENT HOOVER'S proposal on June 20, 1931, for a year's moratorium on intergovernmental debts and reparations, and the subsequent negotiations which made it possible for him to announce on July 6, 1931, that accord had been reached with all important creditor nations, seemed to mark a revolution in American diplomacy.

For more than a decade we had followed a policy that admitted no direct connection between war debts and reparations. Though economists doubted that our tariff policies permitted any direct European repayment of debts, and though politicians failed to perceive how it was manifestly impossible for the victors to pay their debts when it was regarded as entirely simple for one defeated nation to pay both debts and reparations, the investment of about \$4,000,000,000 in American loans to Germany had prevented the

matter from assuming a practical form. With the depression and the collapse of prices, however, Wall Street stopped lending money and Germany became unable to pay. What some farsighted observers had suggested at the time of the Young Plan—that the effect of the plan was to create a direct community of interest between the United States and Germany—became obvious. President Hoover acted and his action was enthusiastically endorsed by all shades of political opinion in the United States.

It seemed to be such a direct reversal of policy that in England one observer compared it to our entry into the World War, but there was no such reversal. Whatever may be its consequences in the form of financial and political arrangements, it was clearly in keeping with our traditional world policy.

To many Americans our world pol-

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icy appears to present the alternatives of isolation and direct participation in European affairs. Actually it has been a consistent one of diplomatic detachment and practical cooperation. Although our foreign policy does not lend itself to precise engagements with respect to particular nations, it has never prevented us from formulating a general and intelligent line of conduct whenever our material interests are seriously involved. We do not engage in knight errantry; no nation does; but neither are we a hermit nation. Our geographical position with respect to Europe, Asia and South America, and a Federal form of government which compels us to take account of diversity of internal political and economic interests, have enabled us to follow a broader type of policy than is permitted to a nation like Czechoslovakia, for example, which lies at the political cross-roads of Europe, or to a nation like France, which is an indivisible political and economic unit. Furthermore, it is a great mistake to regard the United States as a missing link in the European Concert of Powers, or as primarily concerned in European politics.

For us other centres of great commercial and political importance have developed in Latin America and in the Pacific region. Indeed, before 1906 we were practically excluded from a voice in European affairs by the European powers themselves. Accordingly, the European situation and the European balance of power, though always of great importance to American policy, have never excluded considerations of policy with respect to the other American republics or the Far East. All our diplomatic eggs are not in the European basket. Our foreign interests are diversified, and we have followed a general line of policy which may be affected by, but is fundamentally independent of, the European situation. While it is a fact rather than a policy that the United States is diplomatically detached from Europe, that fact has never implied that we could not

promote our European interests whenever and wherever possible. On the other hand, our European interests are essentially no different from our general foreign interests, and fit perfectly into our very simple and natural world policy.

The major foreign interests of the United States are so simple that it is difficult to describe them in convincing terms. They imply a prosperous world with which the United States shall be free to trade on terms of equality with the other nations, and a peaceful world in which the United States shall be free to develop its resources without dissipating those resources or distracting its statesmen in providing for immediate national defense. Our world policy could be summarized as "Prosperity and Peace" were it not that this oversimplification disguises the perfectly solid self-interest involved in such a policy and suggests hypocrisy rather than national common sense. Prosperity abroad aids prosperity in America, and general international peace both prevents the economic waste of war and precludes the necessity for piling up economically wasteful armaments.

The pursuit of such a policy, however, permits the American Government to follow a variety of methods. It also insists that the methods adopted must be effective. It is a fact that our Federal Government moves slowly and cautiously in foreign affairs, rarely acts where immediate practical American interests — shipping, commerce, money and men — are not directly involved, and only when it appears probable that its action will be effective. Without political alliances or special policies toward particular nations, this has meant that our fundamental foreign policies can be fully effective only when they manifestly harmonize with the practical interest of other nations. This in turn means that our fundamental foreign policies must run a chance of becoming effective international policies.

Accordingly, the moratorium must

AMERICA'S PRESENT ROLE IN WORLD AFFAIRS 163

run the criticism of whether it responds to the immediate practical American interest, whether it considers the interest of the other nations concerned, and whether it enlists a general international support. The best way of determining the place of President Hoover's proposal in our world policy is by a cold and antiseptic view of those steps which we have hitherto taken to assert the American point of view in international affairs and the extent to which these assertions have become effective international policies.

The Monroe Doctrine is, of course, the second great step in American world policy. The first was the policy of diplomatic detachment established by Washington's farewell address and Jefferson's first inaugural. This is a unilateral policy which requires no international sanction and which has resisted all efforts to modify its reality. There is no reason to believe, moreover, that it will be substantially modified in the near future, and practical politics prevents speculation on whether it will survive indefinitely. For practical purposes, therefore, the Monroe Doctrine is our first great extra-territorial foreign policy. On Dec. 2, 1823, President Monroe's message to Congress enunciated "a principle in which the rights and interests of the United States are involved, that the American continents * * * are henceforth not to be considered as subjects for future colonization by any European powers. * * * With the governments who have declared their independence, and maintained it, and whose independence we have * * * acknowledged, we could not view any opposition for the purpose of oppressing them, or controlling in any other manner their destiny, by any European power, in any other light than as the manifestation of an unfriendly disposition toward the United States."

Stripped of its political context, this announcement greatly resembles the *brutum fulmen* that many of its critics

have regarded it. Actually, it was an intensely practical policy. The Spanish American colonies had gained their independence during the Napoleonic Wars. The powers of the so-called Holy Alliance had put down the Spanish Revolution, and, under French promptings, were preparing to reconquer these colonies. Our commercial and political interests were clearly menaced, but we were small and relatively powerless to check the Holy Alliance. It was likewise clear, however, that British interests were equally affected. The British Government had suggested joint diplomatic action to the American Minister at London. It was established, therefore, that behind the Monroe policy we should find the diplomatic prestige of Great Britain and the world-wide power of the British Navy. Accordingly, we asserted a principle which was both the autonomous expression of our national viewpoint and which was assured in advance of the political support necessary to enforce it. Only thrice was it necessary to invoke the Monroe Doctrine—in 1865 against France in Mexico, in 1895 against Great Britain in Venezuela, and in 1902 against German policy in Venezuela. When the Monroe Doctrine was written into the Covenant of the League of Nations, its adoption as a world policy was completed.

The Spanish-American War of 1898 is frequently regarded as marking our emergence as a world power. It is more accurate to state that the acquisition of Hawaii and the Philippines in 1898 made us in fact a Far Eastern power and made possible the enunciation of our second great world policy, known as the Open-Door policy.

On July 3, 1899, Secretary of State John Hay addressed a circular note to the powers interested in the Chinese situation, stating that the United States desired "to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative

entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire."

Again, stripped of its context, this note appears to be the gratuitous expression of a pious hope. Actually, it was again an intensely practical proposal. The United States had been vitally interested in the Chinese trade for generations; we had opened Japan and Korea to foreign trade and had just acquired a Far Eastern commercial base at Manila. Following her defeat by Japan in 1894, China was rapidly being divided into spheres of influence by the great powers. Russia had ousted Japan from Port Arthur and was practically annexing Manchuria; Germany had obtained Kiao-chau and a stranglehold on Shantung; France was claiming special rights in Southern China, and Great Britain was posting a "No Trespassing" sign in the Yangtse Valley. China itself was drifting into the chaos of the Boxer Rebellion, which menaced all foreign rights in China. Assured of British and Japanese sympathy by the nature of the situation, Hay's note, combined with the Boxer Rebellion, won support for the principle of equal and impartial trade and of Chinese territorial and administrative entity. The principle was "implemented" by the First Anglo-Japanese Alliance of 1902, in which, as Tyler Dennett's admirable book, *Roosevelt and the Russo-Japanese War*, clearly shows, America was a silent partner, and by the Russo-Japanese War of 1904-5. Roosevelt's mediation and his work in promoting the Treaty of Portsmouth marked the first stage in giving effect to the Open-Door policy by depriving Russia of its special position in Manchuria. The World War deprived Germany of its Shantung sphere of influence, and the Washington Conference of 1921-22 won Japanese support for the principle of converting this Amer-

ican policy into a world policy of Chinese integrity and equality of trade.

Since the American viewpoints toward South America and the Far East have been adopted by world opinion, our policy toward Europe has become of greater practical importance. America is vitally interested in promoting the prosperity and preserving the peace of Europe. Europe is our best customer. Since our earliest Colonial history we have become involved, in spite of efforts to preserve neutrality, in every one of Europe's great wars. While these wars have invariably strengthened America's relative position, they have inflicted grave political and economic injuries upon us.

In 1906 we participated in the Algeciras conference, which marked the first open move toward the war of 1914. Germany had challenged the special position of France in Morocco and, with Great Britain committed by the Entente Cordiale to support the French, we had a fine opportunity to promote an equitable arrangement which would do justice to the legitimate German claim for a place in the sun. Unfortunately, however, German diplomacy at Algeciras was both tricky and stupid. Moreover, according to the biographer of Sir Arthur Nicolson, the British representative, "Mr. Henry White, the United States representative, was conciliatory, ignorant and charming." Germany was isolated and humiliated, and when Roosevelt realized what had happened he was too late to prevent the disastrous policy of Moroccan partition, to which Germany had yielded. Even so, Ambassador Jusserand informed President Roosevelt that "it is the simple and literal truth to say that, in my judgment, we owe it to you more than to any other man that the year which has closed has not seen a war between France and Germany, which, had it begun, would probably have extended to take in a considerable portion of the world."

In 1908, by promoting the Second

AMERICA'S PRESENT ROLE IN WORLD AFFAIRS 165

Hague Conference, President Roosevelt made a second effort to avert the impending conflict. According to the letters of Captain Butt, President Taft consciously devoted his administration to the preservation of peace, and early in 1914, on the eve of the conflict, President Wilson sent Colonel House to Europe on a confidential mission to prevent the war. Again, in 1916, Colonel House was sent to Europe to propose American mediation and a negotiated peace. His mission failed, and finally in 1917 the actions of Germany made it necessary for the United States to intervene in the conflict and to urge upon all our co-belligerents a peace policy which would preclude such future European explosions. The history of the Fourteen Points, the Armistice Agreement, the Treaty of Versailles and the Covenant of the League of Nations is too well known to deserve more than the comment that here again the American Government made a tremendous effort to promote the sort of peace settlement and to establish the type of diplomacy which would prevent another European war.

Unfortunately the momentum of victory was too strong to produce the kind of settlement which was acceptable to the American people. The League of Nations appeared to many Americans to be only a diplomatic device for the indefinite preservation of the status quo for the advantage of the victors. The Senate refused to ratify the treaty or to enter the League of Nations, and American policy reverted from the support of specific treaties to a general policy of promoting European peace and prosperity by other means. These have included disarmament and financial assistance. At the Washington Conference of 1921-22, the Geneva Conference of 1927 and the London Conference of 1930 we promoted an effective limitation of naval armaments among the five chief naval powers. Through the General Pact for the Renunciation of War as

an Instrument of Policy in 1928, we established a world-wide pledge for the pacific settlement of international disputes. We shall participate in the General Disarmament Conference of 1932.

With respect to financial amelioration, we negotiated national debt funding agreements with our principal European debtors, excepting Russia, basing our claim not upon what was nominated in the bond but upon the individual debtor's capacity to pay. With respect to our former enemies in the World War, we negotiated mixed claims agreements which have endorsed the principle of arbitral award as opposed to the one-sided sequestration of German property adopted by some other nations. In dealing with the reparations problem, we have had to be more circumspect. We cannot, as a government, take it upon ourselves to alter general European treaties to which we are not a party. This consideration has not, however, prevented our making definite suggestions for an equitable and practical settlement of the question of Germany's acknowledged liability to pay for the damages inflicted upon the allied civil population by German aggression. On Dec. 29, 1922, Secretary of State Hughes made his famous New Haven address, recommending that the reparations question be taken out of politics and proposing a commission of experts to deal with the subject on a scientific basis.

Again, this might appear a mere diplomatic impertinence, were it not for the immediate facts of the case. Germany was about to be declared in default on the reparations payment; the French invasion of the Ruhr and the collapse of the mark were already in sight. The suggestion went unheeded for a time, but led to the First Experts Commission and the Dawes Plan of 1924. The Second Experts Commission and the Young Plan of 1929 were simply logical developments of the attempt to take reparations out of politics. With all these efforts the American Government has had full

sympathy but has avoided direct responsibility, inasmuch as the United States is not a party to the Versailles Treaty or to the other political arrangements which underlie the collection of reparations from Germany.

President Hoover's proposal for a moratorium was predicated on broader principles than those which we had hitherto applied to the reparations problem. The world was gripped by depression. German economy was inadequate to support in a period of low prices the strain of payments contracted in a period of high prices. A German collapse or an enforced moratorium seemed imminent. There was a possibility of Communist or Fascist revolution in Germany and the jeopardy of billions of American investments, the demoralization of our European markets, as well as the serious political consequences of a Europe in the throes of political disorder, enjoined prompt action. The practical American interest was involved beyond dispute. It seemed a matter of days, if not hours, before some disaster should destroy German credit and promote European dissension. It was the most serious international crisis since the German drive of March, 1918.

In these circumstances the support of other creditor nations was as sure as their interest was clear. Great Britain was already pledged by the Balfour principle to ask only enough in debt and reparation payments to pay her debt to the United States. France was the only great power other than ourselves which was required by the President's proposal to make a material surrender. It is convincing proof of the sanity of French statesmanship that, after taking the necessary steps to reassure French public opinion, the French Government agreed to cooperate in the moratorium. In sixteen days—a record time for a major international diplomatic action—the American proposal be-

came a world policy and the adoption of a year's moratorium on intergovernmental debts and reparations became assured. The world obtained a breathing space for economic recovery and, without altering the complex structure of international agreements, the political and economic burden of international payments aggregating the gross sum of nearly \$1,000,000,000 was removed from politics for the time being. Subsequent international political and banking arrangements to protect German credit found the United States still cooperating.

What is most significant in all this to the student of American policy is the fact that it was put forward as an autonomous American proposal, committing the United States to neither side of the controversy over war guilt, treaty revision and other issues, and maintaining American neutrality toward purely European politics while expressing American interest in the world aspect of European affairs. It has the further advantage of calming nationalistic emotions to a degree which brings a successful disarmament conference in 1932 more closely within the realm of practical politics. President Hoover's proposal of June 20, 1931, therefore takes its place in the tradition of a vigorous American effort to promote the peace of the European continent, which has been a major element of the foreign policy of every American President since McKinley. It is as much a continuation of our post-war policy toward Europe as our intervention in the World War was a continuation of President Wilson's policy for the defense of our neutral rights and the restoration of peace to the European continent. The mere fact that the move was unexpected does not make it a diplomatic revolution. Though our world policy remains unchanged, the methods by which we seek to achieve that policy have never been immutable.

The Gold Crisis: Its Causes and Significance

By PAUL M. MAZUR

[Mr. Mazur, a graduate of Harvard, is well known as a partner of the banking house of Lehman Brothers and as the author of *American Prosperity: Its Causes and Consequences* and *America Looks Abroad: The New Economic Horizons*. The following article contains the substance of one of the chapters of Mr. Mazur's forthcoming book, *Capitalism on Trial*.]

THE suspension of the gold standard by Great Britain on Sept. 21, 1931, came as a shock to the financial world that was not lessened greatly by the general interpretation that the event was a necessary step toward readjusting Great Britain's trade position. A week later, on Sept. 28, Sweden, Norway and Egypt suspended the gold standard and financial experts in the United States expressed the opinion that the currencies of only five countries—the United States, France, Holland, Czechoslovakia and Poland—were firmly established on the gold basis.

It is no exaggeration to say that 1931 has witnessed a substantial débâcle of both the orthodox currency basis and the established banking system of the world. Credits, based upon the normal exchange of goods at fairly well stabilized prices, became frozen when the specific commodities used as collateral shrank to but a fraction of their former price value. Debts that were contracted in good faith to procure a given quantity of wheat or cotton became heavy burdens when the value of the goods represented only 50 per cent or 60 per cent of the credit

used for its purchase. As prices fell precipitously, the liquidation of fixed dollar obligations required huge increases in the quantitative exchange of goods. But business contracted rather than expanded, and the credits, supported by goods as collateral, rested upon a foundation that was weaker in inherent strength and actually too small to support the superstructure it was intended to uphold.

Gold played a pernicious rôle in the tragedy, particularly international trade. With the Western World attempting to maintain a gold standard for the value of international exchanges, every debt contracted between nations called for payment either in gold or in a tremendously increased quantity of goods to be sold to the creditor nation. If, for example, English cotton manufacturers purchased foreign raw materials or finished goods on a ninety-day loan of \$100,000 and if, between the time of purchase of raw materials and sale of finished products a general decline of 25 per cent in prices occurred, the liquidation of the original loan required an increase of 25 per cent in English exports.

The mediums of exchange in the modern world are largely paper money, bank deposits and credit instruments which represent a promise to pay gold on demand or later. The value of these mediums of exchange depends upon the certainty and time of redemption in gold. There is no international money except gold, and as

the banking and commercial business of most countries has been conducted in gold or its equivalent for generations, gold has become fixed by habit and custom as the standard of value. Except for China, India, Mexico and a few other nations, which altogether or in part are on a silver basis, a country has nothing to remit as money payment except gold or drafts against a gold balance to its credit in another country.

Obviously, an effective international gold standard requires that the money unit in each country should have a fixed gold value and that the right to import and export gold freely should exist. International trade is, therefore, seriously restricted when three-quarters of the world's gold supply is concentrated in two or three creditor countries, which in turn are withholding both long-term and short-term credit from debtor countries.

Every country on the gold standard agrees on a definite price relation between their respective coins. For instance, the pound sterling is equal to \$4.86. So long as the English pound sterling remained on gold parity, a unit of foreign money could buy from Great Britain only as much as a predetermined exchange rate with English currency provided. For America, \$4.86 was necessary to purchase English goods to the amount of one pound sterling. Unless Great Britain could compete in the world markets through low domestic costs, the additional trade she required to fulfill past dollar or franc obligations would represent an almost impossible task. On the other hand, so long as she could maintain the gold parity of \$4.86 per pound with dollars, it would require only a pound sterling of exports to discharge the obligation of \$4.86.

For nations that were debtors of Great Britain, the reduced price of commodities and the maintenance of gold parity for the pound combined to impose overwhelming burdens upon the liquidation of obligations. Nations whose industries owed in pounds ster-

ling could not overcome the double difficulty of lower prices on products requiring greater exports for the same money value, and greater increases in exports to make up for the huge premiums that had to be paid to procure the legal tender of the creditor nation.

Business with countries on the gold standard, like the United States, Great Britain and France, became prohibitively expensive; country after country faced the certainty of inability to meet obligations at maturity dates and eventually the probability of national insolvency. The world's barter system was thrown into confusion by declining prices or increasing value of gold and into complete chaos by the lack of balance in international values of exchange.

For Great Britain the problem was particularly acute. The difficulty of her debtors expressed itself in the speed with which her banking credits became frozen and therefore her banking situation precarious. But that was only part of the problem. Great Britain's creditor balance had shrunk to but a shadow of its former substantial self. Her creditor status, which had been developed in the 100 years before 1914, was destroyed by the costs of the war and post-war period. But her economic system and her foreign economic policy had been built upon a creditor status. Under this system Great Britain had been satisfied to live as a free-trade country, accepting a substantial balance of imports annually. As a nation with almost no credit balance, however, the elimination of much, if any, import surplus became essential for solvency, and only increased exports and decreased imports could provide the necessary excess of imports.

The decrease in imports was fulfilled in part, but the average English standard of living did not give much leeway, while the lack of sufficient domestic production of foodstuffs and raw materials and the dole established strict limits to the diminution of im-

ports. The export problem was even more serious. British industrial mechanism has been relatively inefficient for years. Lack of foreign markets, the existence of an undeveloped home market, the love of precedent by employers and the power of a reactionary labor body have contributed to the lack of modernization of British industry. The quality of her goods is not sufficiently outstanding and her costs are much too high for Great Britain to win and hold sufficient foreign business to keep the demand for and supply of her currency at parity in the world's money markets.

Internal budgets of every nation should balance if the government is to operate without a deficit. But external budgets of credits and debits must also balance if the nation's medium of exchange is not to sell at a substantial discount or her gold reserves are not to be sapped to a point below the necessary minimum. For years the British domestic and international budgets have not been balanced, but the threat to gold parity lay primarily in the lack of equilibrium between foreign credits and debits.

For a long time there had been a drain on the gold reserves of the Bank of England, and during this same period the gold basis for currency established by Parliament in 1925 had been threatened. With the misfortunes of her debtors which lessened the flow of gold into English coffers and finally with the freezing of German short-time loans—the assets of many English banks—and the slight but adverse effect of the German moratorium, the gold reserves of the Bank of England reached a dangerous point in August, 1931. The precarious margin of safety was a signal for a huge withdrawal of sterling credit balances in London. Foreign governments, depositors and British nationals recognized the possibility of the end of the gold basis and the beginning of a precipitous decline in the foreign value of sterling. Funds were

withdrawn in \$100,000,000 amounts, eventually forcing British suspension of the gold standard.

English financial leaders who had known England in her time of unquestioned supremacy found it difficult to take a step that meant hardships for her creditors and a blow to her friends in the form of a bankruptcy settlement which would be inherent in a depreciated pound. As a result eleventh-hour emergency measures were adopted; \$650,000,000 at a high rate of interest was borrowed from France and the United States. But the step was unavailing; in fact, it probably hurried the inevitable climax. The loan and the interest rate, like the Hoover plan, were public acknowledgments of dire need. Renewed attacks on credits forced the announcement on Sept. 21, 1931, of the cessation of gold payments.

Like many attempts to bolster up the ailing credit structure of the world, those involved in the effort to save the gold parity of the English pound were ill-advised and ill-founded. In the long run the dumping of gold into the coffers of the Bank of England would have merely delayed the break in sterling; the real remedy was a correction of the fundamental causes of the difficulty which lay in the lack of an export balance, the low price of commodities and the general nature of world trade. For every pound sterling of credit and gold there was at least ten pounds of trade involved. The economic factors were so overwhelming that to leave them neglected or to hope that their amelioration would result from a repair job in the credit structure was an act of blindness.

An improvement in British trade would, if sufficient, answer the credit problem, but the most perfect model of credit launched today upon the low tide of English business would quickly come to grief upon the rocks of economic disaster. It may be that the treatment of credit problems as fac-

tors completely independent of and unrelated to trade may be sounder than it appears. But the credit mechanism is an agency to expedite trade, and it will live or die, be sound or precarious, primarily as trade flourishes or languishes. Only when a business depression is the direct result of a money problem will the correction of that money problem bring with it companionate improvement in trade. That was true in 1907. It is not so true now. Then the money system of the United States was unsound in principle and as inflexible as a steel column. The Aldrich-Vreeland act and the subsequent Federal Reserve System have removed most of the trouble inherent in 1907. Until the Spring of 1931 the problem of the present depression was primarily one of trade. Since May, 1931, the débâcle of the money and credit system both in Europe and America has imposed tremendous handicaps upon business. The process of deflation (or increasing value of money) developed so rapidly that commodities offered as collateral represented only a fraction of the original loans made. The lack of demand, combined with the tumbling of gold prices of products and the structure of the credit system, imposed its burden with telling force upon the business structure. Unlike the conditions of 1907, those of 1931 came not from lack of money but from the almost complete breakdown of the currency and credit mechanism in its relation to business. An improvement in money and credit would be of enormous assistance. In international affairs particularly, the overthrow of the artificial barrier created by gold parity would be most salutary. In domestic business the correction of currency and credit would be of great value to solvency and stabilized prices, but a permanent constructive aid only if trade benefited from some stimulus. As a matter of fact, the improvement of trade would go far in the solution of the money and credit problem, whereas no such result would be in-

herent necessarily in the efforts to patch the credit machine or to inflate currency.

With the elimination of gold, Great Britain's medium of exchange in international trade loses its identity and value as something desirable for itself and takes its place merely as pieces of paper representing the exchange of goods. Money loses its place as an end and becomes again purely a medium for facilitating barter. It follows that the value of English exchange will be determined for at least a period of time by the balance of British international trade.

The first effect will be apparent in the speed with which the pound is converted into foreign goods or securities. The expectation of declines in sterling will lead to the purchase of foreign assets upon today's value of the pound. Future settlement may offer the chance for profit to the seller if the pound has declined in value below that which prevailed on the day of sale. The worst that can happen will be avoidance of certain loss and the substitution of possible stability of value. The sale of sterling may be further stimulated through forced sales by the Bank of England made necessary to procure large foreign gold balances so that the future will offer the increased promise of stabilization upon some predetermined relationship to gold. This procedure was followed by the Bank of France in stabilizing the franc.

As the pound declines the value of foreign moneys increases. On the other hand, the domestic value of the pound probably will decrease as prices rise, but there will and must be a differential favoring the foreign buyer. With no increase in wages, the actual purchasing power of English wages, the value of the dole and the real worth of interest and dividends will decrease until Great Britain has experienced a horizontal wage decline without any change in rates. As a result production costs will decline.

Regardless of these domestic

changes, however, the English markets become increasingly attractive to foreign buyers and English trade is of necessity stimulated. Silver countries, debtors and creditors will find English offerings more attractive, and as a matter of fact the pound will decline to that point where the demand for English goods balances the supply of English pounds created by English purchases of foreign goods. Restrictive measures looking toward diminution of imports are inevitable.

A possible solution of Great Britain's currency problem is to allow the value of her exchange to be governed by international trade. But the internal cost of that equilibrium may be onerous if she continues to meet the industrial problem with her archaic business mechanism. There is a limit to the reduction in the standards of living which labor and unemployed will accept. If the wage level and the dole remain relatively constant and domestic prices rise, England faces a period of difficult social adjustment. As the country is not self-sufficient, it must still depend upon foreign sources for large amounts of foodstuffs and raw material. The decline in the value of sterling will reduce her purchasing power abroad and raise sterling prices at home. Unless improved methods increase labor's productivity and lower costs without too greatly affecting living standards, stabilization and increased world trade will be socially very expensive.

For countries that remain upon a gold standard, the world competition engendered by the relative cheapness of British markets will not be a matter of academic interest or calm indifference. Too many nations—in fact, in the final analysis, all nations—are dependent for the stabilization of their exchange in the world money markets upon the equilibrium that must exist in their trade balances. The more effective British competition, which will result from her abandonment of gold parity, will impose

upon competitive nations the need, or at least the effort, to adjust themselves to the new conditions.

The most obvious method is the substitution of fiat money for a national gold-supported currency. With three-fourths of the gold supply possessed by the United States and France, and the zealousness with which central banks guard and even hoard their existing skeleton gold reserves, both the apparent wisdom of successful trade competition and the ardent desire to protect gold reserves will prompt them to consider favorably the removal of their currency, too, from a gold basis.

The other choice available to meet increased world trade competition lies in adopting methods of reducing costs at home. Wage reductions and reduced standards of living may come unhappily into vogue to meet the needs of national economic emergencies.

For America, the problem is one of more than passing interest. As a matter of fact, the action of the British Parliament on Sept. 21 contains as many elements of direct concern as though it were the act of official Washington itself. The threat of the loss of foreign markets and increased competition in American markets which, in spite of the tariff, may come through the depreciation of European exchanges will promote wage reductions as part of a campaign to lower American costs to meet the emergency. That is the most obvious method and it is not unreasonable to assume that the wage reduction of 10 per cent announced by the United States Steel Corporation on Sept. 22, one day after the English gold edict, was in part, at least, stimulated by the fear of increased British and other European competition.

There is another method by which America might seek to encompass the same result of maintaining her competitive position—by following the exact method used by England and abandoning the gold standard of ex-

change. Such a plan may seem fantastic in view of the gold supplies of this country; but the suggestion does not seem entirely far-fetched if the situation is examined somewhat more closely. It is a fact of economic history that cheap money always seeks successful exchange for more expensive money. If a substantial portion of the world should depart from a gold basis, there would be created a decided movement to exchange large sums of this fiat money for American gold. Moreover, with the increased attractiveness of the countries with depreciated currency as markets for world buyers, the actual exports of America might decline, imports increase, and the adverse balance create a drain on the gold of the United States. This would be particularly true if American efforts to reduce costs through increased efficiency and wage reductions were not sufficiently successful or met increasing and effective resistance from labor.

There are many who measure the security and wealth of this country in the gold reserves within the vaults of the central banks. Serious inroads would unquestionably initiate some protective measures, and the obvious method would lie in the refusal to honor foreign drafts in gold.

There are other reasons for suggesting the possibility of American abandonment of a gold standard. The introduction of fiat money is one of the simplest devices for inflation, as its supply need have no such restrictive limits as that of gold. If the value of money decreased, prices would of course increase. Decreasing value of money is but another way of saying advancing prices of commodities. Security prices would increase, commodity prices would increase. The dual phenomenon would automatically enhance the value of collateral held by the banks and thereby reduce the threat to their solvency as well as that of many of the debtors. The dollar volume of the same quantity of busi-

ness would automatically become greater and the fixed charges and labor costs would become less. Wage reduction, devaluation of bonded indebtedness and all fixed capital charges would be a fact without individual action or probably even adverse criticism. National bankruptcy would become a fact and creditors would be paid that percentage on the dollar—in real purchasing power—which the new value of money represented in relation to the old. In effect this series of events is what occurs during any period of rising prices except that if money were inflated there would not be necessarily any improvement in trade and when prices increase through active trade more labor is available and there are more products to be distributed.

It would be far better if some stimulus to trade could be created and effected that would quicken the pulse of industry and bring back to America and the world employment, profits and finally increased prices born of increased demand. The improvement of prices that comes with an increase in business activity would mean the maintenance or even the improvement of standards of living. Industry would be in a more favorable position because it would be operating upon production schedules to which its mechanism was adjusted. To inflate prices through demonetization or devaluation of the dollar is tinged with the same fallacious social point of view that is inherent in the advocacy of horizontal reduction in production as a capitalistic method of correcting the depression. Both propose that the nation cut its cloth to a shrinking pattern. Both suggest lower purchasing power for labor and—not so enthusiastically—the contraction of capital structures to a smaller scale. Both are retrogressive, and both are necessary only when depression must be accepted as inevitable or as the normal mistakes of a competitive expanding industrial mechanism.

Our Tariff and the Depression

By REED SMOOT

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No event in recent history has emphasized the importance of the American tariff so much as has the current economic depression. Abnormal conditions throughout the world have made protective duties the key to industrial stability. In times of prosperity a tariff is essential to equalize costs of production here and abroad, but in this hour of national distress protection is imperative to save American industry from what might otherwise become the most serious upheaval it has ever experienced.

In attempting to elucidate the influence of the tariff on international trade we encounter a labyrinth of economic forces that affect every commercial nation. Tariff barricades that have been thrown up recently on nearly every international boundary are a result and not the cause of those forces. Inordinate production and maldistribution have made customs duties necessary to re-establish the economic balance.

Purchasing power has been reduced on every continent. In countries that produce mostly raw materials incomes have been drastically cut, and purchases in the world market have been consequently reduced. Economic law thus operates to curtail international commerce in direct relation to the slump in domestic business.

One remarkable aspect of this economic derangement is the plethora of commodities on the market. In those years of feverish activity before

1929 vast surpluses of goods were accumulated in nearly every country. When the undertow of fear and pessimism turned the consuming public from normal buying to abnormal saving, and unemployment further weakened purchasing power, the world markets became glutted with commodities of every kind. Each country sought outlets abroad, while most governments took steps to protect their home producers from inundation by this flood of cheap goods.

It is quite natural that every country should give preference to its own industries and its own working men, especially in economic crises. A similar surplus of commodities induced most countries to strengthen their tariff barriers after the World War. France, Germany, Italy and Great Britain had increased their customs duties even before Congress revised the American tariff in 1922. Since that time some European countries have built several elaborate additions to their protective barricades. In the two years since the depression began forty-five nations have made important changes in their tariff rates. Secretary Hyde's remark that beside many foreign tariff mountains American duties amount to nothing but a cluster of molehills was not exaggerated.

In our present stage of industrial development production is easy. We have no difficulty in turning out more food, more clothing, houses, automobiles and other necessities than the

consuming public can buy. For this reason the theory that goods should be purchased where they can be produced most cheaply has undergone an ignominious collapse. The great problem today is to find employment for all our people; and, since we live at a higher standard than the rest of the world, this cannot be done unless we allow ample protection to American enterprise.

What would have happened to the United States if Congress had failed to keep pace with this world-wide protective movement? America would have become a dumping ground for all the surplus products of the world, as is Great Britain. Every month that country becomes more dependent upon industries in other lands, while an appalling number of her own working men subsist on doles supplied largely through taxation. Imports into the United Kingdom are valued at about 16 per cent less than they were a year ago. But exports are worth 30 per cent less. The pitiful position of British industry is an inevitable result of trying to fight the battles of modern commerce from a poorly barricaded position, while competitors are entrenched behind domestic protective policies.

Once before the days of quantity production Congress tried to cure an economic slump by lowering customs duties. Clouds of depression spread over the country in 1893. Critics demanded that international trade be unfettered. In 1894 Congress proceeded to remodel the tariff in the direction of free trade. Instead of stimulating foreign commerce and lifting the country out of its slough of despond, this act merely left the government with a huge deficit and the people with more acute economic distress. Even imports fell off sharply in spite of the lower rates of duty. In the last year under the Wilson low-tariff act exports decreased to \$1,050,000,000, as compared with \$1,730,000,000 for the year before its enactment.

Not until after President McKinley had been elected and called Congress into extra session in 1897 was this era of hard times brought to an end. A new protective tariff was enacted. Prosperity gradually returned, with both imports and exports growing to larger volumes than had ever been known before. Since that time the United States has never been without protection for its domestic industries. Although the tariff rates were lowered in 1913, their effect was not felt, for when the war came and swept all America's chief competitors into a struggle for existence our industries enjoyed complete protection. War acts as a general embargo; not only does it relieve neutral countries of foreign competition in their own markets, but it affords opportunity to multiply exports to the combatant nations.

It is difficult to understand why any one should try to fasten responsibility for the general movement toward higher protective duties upon the United States. Many nations revised their tariffs before Congress passed the Smoot-Hawley bill in June, 1930, and many have increased their duties since. Each country has been prompted by economic considerations of its own. Only the purblind egotist can suggest that the world turned to protection in retaliation against the American tariff. What chiefly distinguishes the Smoot-Hawley act from foreign tariffs adopted since the depression began is its moderation.

Though the tariff of one country cannot be accurately compared with that of another, for a variety of reasons, duties on specific items can be studied with precision and the average height of tariff barriers can be estimated from the amount of duties collected in relation to the total volume of imports. Thus a recent test made by the Department of Agriculture showed that fourteen leading commodities exported from the United States, constituting 28 per cent of our agricultural sales abroad, were taxed in

a dozen leading countries at rates double and quadruple any that may be found in our tariff act. Wheat is a good example. In less than a year and a half Germany increased her wheat tariff six times, beginning at 49 cents per bushel and ending at \$1.62. The Italian duty has risen from 37 to 87 cents; the French, from 20 to 85 cents; the Mexican, from 66 to 90 cents. The American duty is 42 cents. Foreign tariffs on meats are still more drastic. The United States taxes hams and shoulders at \$3.25 per hundred pounds, but Soviet Russia imposes a duty of \$70; Bulgaria, Chile and Argentina, from \$20 to \$25; Brazil, Yugoslavia, Uruguay, Norway, Portugal and Rumania, from \$10 to \$20.

It is a prevalent but false belief that American duties are the highest in the world. Almost any test will prove that this is not so. How does the total amount of duties collected compare with the value of all imports for the various nations? The United States Tariff Commission has worked out such a calculation, using the average ad valorem equivalents for duties collected in 1930. The Japanese tariff, spread over all Japan's imports, both dutiable and free, amounts to 7.3 per cent; that of France, 8.7; Norway, 10.1; Germany, 11.7; the United Kingdom, 12.6; Spain, 12.9; the United States, 14.8; Italy, 15.4; Argentina, 16.5, and Chile, 23.5 per cent.

It should be noted that the percentage of duty to total imports during the first six months of the new tariff was only 13.7 per cent. This is not, of course, an exact calculation, because the effect of rates that are so high as greatly to restrict goods or exclude them entirely is not felt in this comparison. But it is apparent that European and South American Legislatures are quite as adept at imposing restrictive duties as is Congress. American automobiles, for example, are virtually excluded from many European markets.

There is nothing in the picture to

indicate that Uncle Sam is the tariff Shylock. No other nation in the world is so well adapted to a protective policy as the United States; yet several have higher tariffs. If we were dependent upon the outside world for half our food and raw materials, a tariff might be less useful; but our country, with its vast and varied resources and its highly developed market, is almost an economic unit in itself. For this reason, the United States cannot be compared with Great Britain, Italy, Japan or other political units that do not enjoy economic self-sufficiency. Yet, in spite of these ideal conditions for application of the protective principle, America imports more free goods than any other country with the possible exception of the United Kingdom, which lives on trade.

Any attempt to measure the effect of the tariff on foreign trade must take into consideration current economic conditions; that is, we must talk about our foreign commerce in terms of 1931 values. The first question is, not how much the dollar value of exports and imports has diminished, but how America has fared in commerce as compared with the rest of the world. In 1913 American exports amounted to 12.3 per cent of the world's total; from 1921 to 1925, 16.5 per cent; in 1928, 15.6 per cent. Then the boom year of 1929 brought a new spurt and the United States furnished 16.8 per cent of the exports from sixty-seven chief commercial nations. In 1930 the ratio was again equal to that of 1928. For the period since the Smoot-Hawley act was passed statistics are available for only the fifty-six foremost commercial nations, but they are sufficiently clear to indicate the trend. During the first six months under the new tariff the American export ratio was 16.2, compared with 16.9 for the previous six months. This slight decline was less than that during the half year immediately before the new rates came into effect.

Turning attention now to the ratio of America's foreign purchases to imports throughout the world, we find a similar trend. In 1913 only 8.3 per cent of the world imports were absorbed in the United States; from 1921 to 1925, 12.5 per cent; in 1928, 11.7 per cent. Although the figures for the recent years are not exactly comparable, as they do not include the lesser commercial nations, they indicate that our imports were in excess in the first part of 1929 and that our proportion has since been declining. In the first half year under the new tariff our share was 11.1 per cent, compared with 12.6 per cent for the last half year under the old law. It is interesting to note that the percentage of all imports absorbed by the United States fell from 14.1 to 12.6 during the year before the Smoot-Hawley act took effect.

These calculations represent value and not physical quantity. Obviously, a country which chiefly exports raw materials will appear to have lost its relative position because of the drastic reduction in the prices of such products. Since prices of finished manufactures have been maintained more firmly, the countries of Western Europe, which manufacture many luxuries and specialties, assume a relatively more significant place in world commerce. America's share of international commerce appears to have shrunk partly because agricultural produce and raw materials still bulk large in our foreign shipments. During the last four years agricultural crops have constituted 36 per cent of our exports and semi-manufactures an additional 14 per cent. Low prices of such commodities as cotton and copper have contributed largely to fixing the ratio of American foreign trade at a slightly smaller figure.

One conclusion from a study of America's share of international commerce is inevitable, and that is that nothing calamitous has happened.

Though trade overseas and across border lines has fallen off throughout the world, our portion of world exports remains about the same as in normal years before the depression. Our share of imports is slightly lower, as Congress intended it should be. The Smoot-Hawley tariff has proved to be a shock absorber against world-wide dumping.

To estimate our loss of trade with the losses of all other countries is only one way of calculating the effect of the tariff law. The relationship between domestic production and foreign commerce is even more significant. Some people who wish to attribute as much disaster as possible to the tariff talk as if foreign trade were one of our greatest industries, but it is not an industry at all. International commerce is merely an extension of domestic trade. Most industries produce primarily for the domestic market and sell their surplus abroad. International trade is thus subject to the laws of supply and demand and cannot be measured precisely from the height of customs barriers. An honest analysis must, therefore, discount the effect of domestic business on foreign trade before attributing the shrinkage to tariff changes.

How has business within the United States fared since the depression began? The most reliable data available show that industrial production began to decline about the middle of 1929 and continued with some variations until the first months of 1931. A reliable commercial index, which is based on production as well as distribution, shows a falling off of 40 per cent from the abnormal high peak of industrial activity two years ago. The extent of that decline is almost equally divided between the last two fiscal years, measuring 22 per cent from June, 1929, to June, 1930, and about 23 per cent from that time to the beginning of the Summer of 1931.

Another index of industrial production prepared by the Federal Reserve

Board shows a decrease of 20 per cent during approximately the twelve months in which the 1930 tariff rates have been in effect. The index number for that year is 88, as compared with 110 for the previous year and 100 for 1923-25. Charts prepared by the Department of Commerce likewise show a decline of 20 per cent in wholesale prices during the last year, based on a combined index of 550 commodities and price quotations.

When domestic industry and business demonstrate such symptoms of maladjustment a similar condition may be expected in foreign trade. That is exactly what the records indicate. In the first quarter after the Smoot-Hawley bill became law exports fell off 19 per cent in quantity; in the second quarter, 22 per cent, and in the third quarter (from January to March, 1931), 24 per cent, each quarter being compared with the corresponding period of the previous year.

Imports held up much better in spite of the higher duties. In the first quarter under the Smoot-Hawley act the ebb of imports was quite pronounced. Shipments were 23 per cent lower than in the previous corresponding quarter. That can be accounted for by the rush in the last days of the Fordney-McCumber act to ship in large quantities of goods on which the duty was to be raised. In the next quarter imports were only 13 per cent lower. A decline of 16 per cent is registered for the third quarter.

This tendency for imports to hold their place better than exports is seen throughout the calendar year of 1930. While exports diminished 19 per cent in volume, the quantity of imports shrunk only 15 per cent as compared with 1929. Does this mean that the countries with which we deal have adopted more effectively restrictive tariffs than ours or that the Smoot-Hawley act affords inadequate protection for American enterprise?

Many nations have certainly raised their customs duties far above those of the United States, but that has not been the primary factor in determining our ratio of imports and exports.

Purchasing power is undoubtedly the most important influence. Americans live much further above the margin of want than do the people of any other country. Wage scales were maintained here much longer and to a greater extent than in other countries. In time of depression, as in prosperity, the American people have more money to spend than their neighbors. The United States offers the world a better market than the world offers us.

Another factor is the decline in commodity prices. The unit value of exports for the first quarter of 1931 was 17 per cent below that of 1930, but the value of imports fell 25 per cent. Three-quarters of our purchases from abroad consist of raw materials, food-stuffs and semi-manufactures. Prices of those commodities have shrunk to a fraction of what they were when the depression began. Rubber, raw silk and wool, for example, are worth about 45 per cent less than a year ago. The world demand for such commodities has been curtailed, but they still flow into the most available market. Since the United States absorbs more imports than any other country except possibly Great Britain, and since 67 per cent of those imports come in without paying duty, it is not surprising that the volume of our foreign purchases has fallen off less than either exports or domestic production.

The unmistakable conclusion is that the decline in American business abroad is on a par with that in domestic industry. The proportion of our national output that is being exported has not diminished. Roughly calculated, both domestic industry and foreign commerce are a little more than 20 per cent below the level of last year. Equally evident is it that foreign interests have improved their position in the American market.

Importers have about a 5 per cent advantage over domestic producers so far as the volume of goods moved in the last year is concerned.

The public often fails to understand this conclusion because it is confused by a maze of figures representing the dollar value of trade. In times like the present, statistics based on prices are extremely misleading. Changes in commodity prices in various countries upset almost any comparison of the dollar value of our trade. Indices worked out by the Department of Commerce show that since the depression began agricultural prices have decreased 37.6 per cent, food prices 29.4 per cent, and other commodity prices, mostly of manufacturers, 21.6 per cent. A combined index for the United States places prices 27.2 per cent lower than the apex in 1929. Similar indices show a decline of 25.8 in Canada, 25.3 in the United Kingdom, 21.2 in France, 19.1 in Germany and 32.7 in Italy. In some countries the articles entering into international trade have maintained relatively stable prices. On the other hand, the bottom seems to have fallen out of prices for many raw materials.

Although shipments of copper abroad during the first three months of 1931 were 20 per cent lower in value, 41 per cent more copper was actually exported than in the corresponding period of 1930. Coffee became a leading import in the same period. Measured in dollar value it was worth 33 per cent less than the five-year average, but in actual quantity it amounted to 21 per cent more than the five-year average. The price of unmanufactured cotton fell lower than it has been since 1914. The United States exported 841,000,000 pounds in three months, 3 per cent less than during corresponding months of 1930, but the return to farmers in actual money was 40 per cent less. Such fluctuations in price make comparisons of total values very dubious.

Americans are inclined to lose

sight of the relationship between this country's capacity to supply human wants and its sales abroad. Exports are more easily measured than goods which pass into domestic consumption. Hence we marvel at the rise of our foreign trade without stopping to ask if its relative importance has grown. Enormous figures dazzle us; achievements in foreign commerce are paraded before us; the effects of tariffs are distorted and our business with foreign nations comes to be regarded as more important than ever before. The United States has undoubtedly assumed a more imposing rôle in world commerce. The gains in our percentage of world trade have already been noted, while no one can fail to be impressed by the growth in both volume and total value of our trade with foreign countries in the last quarter century. But in appraising these gains let us not forget the extent to which American industry and the American market also have developed.

At the beginning of the century the United States was selling 12.8 per cent of all its output abroad. When the World War broke out the percentage stood at 9.7. The demands from the belligerent nations in the subsequent five years resulted in the shipment abroad of 15.7 per cent of all American output by 1919. Since that time the American market has been absorbing a greater portion of what we produce. In 1929, when our foreign commerce reached its highest point in history, only 9.8 per cent of movable goods produced was exported.

How then can it be said that the United States is more dependent than formerly upon foreign trade? The most striking feature of America's rise to the position of foremost industrial nation in the world is the creation of our immense domestic market. American inventive genius, American capital and labor and agriculture have been utilized to such an extent that the United States is becoming increasingly self-sufficient.

Foreign trade is relatively a less significant factor in our economic life than it was before the days of quantity production. One authority has calculated that 96 per cent of our industrial production is absorbed in the United States. With such an opulent market of our own, and such diversified resources as we find within our confines, the United States is economically the most self-contained nation on earth. Yet the exports which spill over the edges of our vast home market exceed those of any other country.

The greatest free trade area in the world is the forty-eight States which comprise the American Union. Because of that every commercial nation clamors for the admittance of its products without duty. Obviously the United States could temporarily extend its import trade by lowering tariff barriers; and if other governments could be induced to do likewise, some gains might be made in exports. But would that possibility justify us in sharing our \$50,000,000,000 domestic market to a greater extent with foreign producers in the hope of increasing our \$5,000,000,000 market abroad?

Another unanswerable question confronts the economists who would have the United States turn toward a free trade policy. How could American buying power be sustained and preserved if the industries which create that buying power through high wages and dividends were submerged under foreign competition? Formerly it was argued that the United States would divert its energies to those industries for which it is especially adapted. But even with the preservation of all industries under the protective system millions of men are out of work. What would happen if part of our enterprises succumbed to foreign competition? Jobs are now far more important than cheap goods. Production has become so easy that the problem is to find

work for the masses, to enable our people to supply their own wants, so far as is practical, and to maintain living standards commensurate with their productive capacity.

How the tariff is operating is indicated by a consideration of free and dutiable imports. More than two-thirds of our imports are not in any way affected by our protective policy, so that, if the tariff is responsible for the upset in our foreign business, it ought to be confined to dutiable commodities. But what do we find? In 1930 the variation between the shrinkage of free and dutiable imports was so slight as to be negligible. That comparison is, of course, unsatisfactory because the new duties were applied during only half the year. Matching the first nine months under the Smoot-Hawley act with the corresponding period one year earlier, we find a falling off of 35 per cent in the free column and 43 per cent in the dutiable column. But again we are handicapped by having to deal with values rather than quantities. Most of our free imports are raw materials, the prices of which have been dropping for at least a year. Nevertheless, there has been a considerable demand for such imports because most of them are not produced in the United States. We must have rubber, raw silk, coffee, &c., whether there is a depression or not.

After allowing for price changes part of the declines in dutiable imports may be attributed to the 1930 tariff act, which was devised to give a slightly higher margin of protection to American industry and to reserve so far as possible the agricultural market for our own farmers.

American industry as a whole does not enjoy greater protection than it did before the Smoot-Hawley act was passed. This does not mean that the new tariff has been ineffective, but that competition has increased. The quest for new markets by foreign countries to supplement failing mar-

kets at home has been frantic and persistent. Goods that in normal times would not have come in over the tariff wall have in this congestion of trade been dumped upon the American market. The tariff increases were thus not sufficient to give American enterprise a greater hold on the domestic market. The act of 1930 merely served to save industry from far worse consequences if duties had not been revised. In drafting the new tariff Congress did not entirely anticipate the intensified struggle for markets resulting from the worldwide economic derangement.

Congress was far more generous to farmers than to other producers. Ad valorem rates or their equivalent on agricultural raw materials rose from 38.1 per cent under the 1922 tariff to 48.92 under the 1930 tariff. Products manufactured from agricultural materials were allowed an increase from 36.15 to 48.87 per cent by way of compensation for the higher rates on raw materials. But industrial rates in which there was no compensatory element were raised only from 31.02 to 34.31. The Smoot-Hawley act was pre-eminently agricultural.

The value of protective duties to agriculture is frequently underestimated. Yet 90 per cent of all American crops come directly into competition with similar foreign products. In recent years the American market has been absorbing enormous quantities of foodstuffs from abroad, while our own farmers have been in distress because the tariff was not high enough to equalize costs of production. In the last year before the Smoot-Hawley act became effective our agricultural imports were valued at about \$300,000,000 more than our agricultural exports. In the first nine months under the new tariff exports were worth more than imports, and at the close of the fiscal year, June 30, 1931, American farmers were close to a favorable trade balance for the first time in many years. This improved

position is due to the tariff. The Department of Agriculture has prepared a table showing the relative volume of imports received during the first eleven months under the Smoot-Hawley act as compared with the same months of the previous year. It includes 44 chief commodities and groups of commodities, comprising 87 per cent of all agricultural imports. Free imports gained slightly in physical volume under the new tariff, indicating greater pressure from foreign countries upon our market, as a result of the depression. But agricultural imports that are dutiable decreased nearly 12 per cent. This difference may be regarded as further protection to agriculture.

The bottom has fallen out of agricultural prices because of fewer demands throughout the world. Excess production has brought distress to cotton and wheat growers. Although no tariff can remedy that, our protective system has saved our farmers from a deluge of foreign crops produced at lower costs by farmers with lower standards of living than ours.

In general, however, tariffs modify the world demand for goods in a rather minor degree. It is often said that countries against which the United States has raised its protective barriers are as a result refusing to buy American goods. But there is more theory than fact in the assertion. Other peoples buy our commodities not because of any policy adopted by Congress but because they need them. So long as we produce what the world wants and is able to buy we shall have markets regardless of tariff policies.

The trend of our foreign commerce since the depression began illustrates how little our customs duties actually interfere with our export trade. Most American tariffs are levied against the industrial products of Europe. In 1930 only 42.4 per cent of our imports from Europe were duty free. From the world as a whole 67 per cent

were free. If it were true that the slump in our exports has been caused by retaliations against the Smoot-Hawley act, Europe should be taking less of what we sell abroad. But this is not so. In 1930 the value of our exports to Europe decreased 21 per cent as compared with 31 per cent for the rest of the world. Nearly 48 per cent of our foreign shipments went to Europe last year. In 1929, when no cause existed for retaliation against a new American tariff, Europe took only 44.7 per cent of our exports.

South American trade offers a remarkable contrast. Nearly 84 per cent of everything we import from South America comes in free, and the ratio of free and dutiable goods remains almost the same under the new tariff law. In 1929 South America took 10.3 per cent of our exports; in 1930, 8.8 per cent. Similar results may be noted in Asia, which sends 80 per cent of its imports to the United States free, in Oceania, with 69 per cent free and in Canada and Newfoundland, with about 70 per cent free.

Such comparisons are valuable only in that they illustrate how little influence a nation's import duties have on its export trade. European customers bought a larger percentage of our products because their purchasing power was better maintained. Prices of their finished products were more stable than the prices of raw materials and foodstuffs which determine the purchasing power of non-industrial regions.

In view of the world-wide economic and political upheavals it is remarkable that our commercial intercourse with other nations has not been more seriously interrupted. Today every nation is struggling to turn international trade to its own advantage. The United States must participate in this competition, using every aid that the tariff can give, or be overwhelmed by it. Yet when costs of production have been equalized and the domestic market protected, the exchange of

goods with other nations continues. Neither the tariff nor any other force has destroyed or can destroy our international trade.

To sum up, the United States has not lost its relative position in world trade; the percentage of our total production exported has not changed; the volume of imports compared with domestic production has increased somewhat since the new tariff act became law; nations which live under the shadow of our tariff wall have purchased more from us since the depression than those countries that are only remotely affected by our protective policy, and, finally, our enormous extension of productive power has been made possible not by selling greater portions of the output abroad, but by intensive cultivation of the home market.

How can we escape the conclusion that the tariff has been a stabilizing influence? In the scramble of all nations to dispose of surpluses it has saved American producers from a deluge of cheap foreign goods. It has served to maintain the balance between domestic and international trade. A flow of imports equal to that of 1929 at a time when American enterprise was prostrate would have been a greater calamity than the temporary decline in our foreign trade.

The United States has demonstrated that foreign trade can be developed without opening the domestic market to unrestricted exploitation. Much of our trade will continue to be independent of all customs duties. No country will allow foreigners to supply those wants which can just as well be supplied by labor at home. There is no prospect of abandonment of the protective systems which now reach throughout the world. In the future, therefore, we can look for continuous development of international commerce, but it will flow chiefly in non-competitive channels or over tariff walls that tend to equalize costs of production.

Great Britain's Political Crisis

By J. BARTLET BREBNER

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THE political arena in Great Britain has been resounding with unanswered and perhaps unanswerable questions ever since the end of July. Why was the May report on national expenditure, which provoked the August crisis, drawn up, even printed, in such an alarmist fashion and why was it published on July 31, a few hours *after* Parliament began its recess? Why did Montagu Norman, the sturdily independent Governor of the Bank of England, go off on Aug. 15 "to recuperate his health" in Canada, leaving the developing crisis in the hands of Sir Ernest Musgrave Harvey, the Deputy Governor? Did London financiers and the Conservative party conspire to capitalize a domestic financial crisis for party ends? If so, was Mr. Snowden misled by the bankers or did he and Mr. MacDonald leave the Socialist camp because of honest conviction based upon full knowledge of the facts? If the crisis operated so as to purge the Right elements from the Labor party, why did Mr. Henderson and Mr. Clynes remain, for subsequent events have made it clear that they stand to the Right of the Labor opposition?

Was the National Government of Aug. 24 unanimously sincere in its determination to save the pound? Why did Paris and New York credits of \$650,000,000 in the month of August fail to keep the pound at par after Mr. Snowden had balanced the budget? Why was the gold standard abandoned on Sept. 21 by the government created to maintain it, and how

did it happen that Mr. J. P. Morgan was in London on that day to give a reassuring interview? What parts respectively did British and foreign speculators play in accelerating the decline in sterling? Were France and the United States contented because of the British promise to meet foreign obligations in gold and thereafter interested only in picking up the international financial business which a wavering sterling could not maintain? Briefly, have the events in Britain been mere symptoms of a gigantic episode in the international economic conflict which we call peace?

There are broad grounds for believing that these questions and the many circumstantial stories of political and economic conspiracy, whether true, half-true or untrue, are on the whole beside the mark, and that many of the manoeuvres which loom so large now will be seen in retrospect as rather puny posturings around an avalanche. It is becoming increasingly obvious that during 1929-1931 a world which does most of its business on credit has been steadily destroying the confidence upon which credit is based. In June and July Austria, Germany and most of Central Europe collapsed; in August Great Britain began to waver, and in September panics in Zurich and Amsterdam dislodged the pound sterling from its painfully maintained parity with gold. All British currencies suffered in some degree with sterling, and a number of Continental currencies went off gold. During the three weeks following the passing of the pound the United

States lost almost \$500,000,000 in gold. International bartering of goods has somewhat taken the place of monetary purchases, for such agreements have recently been made between Norway and France; Italy and both Germany and Russia; and the United States and Brazil.

The stock markets of the world have reflected the same lack of confidence. Apparently the international economic crisis which began in 1929 when production, assisted by credit, outstripped distribution, is resolving itself, painfully and against men's better judgment, by prolonged restriction of credit. Three-quarters of the world's gold is in France and the United States, and most of it is unemployed. The economic forces now in operation seem to have escaped the control of those who were depended upon to explain and direct them. At any rate, no diagnosis of the world's ills or prescription to remedy them has yet been able to win wide reception or cut through persistent national and personal selfishnesses. Recent political events in Great Britain, therefore, must be seen in the light of an international situation as yet uncontrolled and therefore able to nullify much human effort.

The events fall into two periods divided by the passing of the pound on Sept. 21. Yet that division was probably more apparent than real and represented merely two stages during which deep forces which transcended the smaller surface happenings were steadily disintegrating old party loyalties and splitting the British people into two new groups. The members of those groups were vaguely aware of the process, but they were going through the most confusing experiences in adapting old maxims to changed circumstances, in subordinating minor to major issues in order to delimit the basic division, and in growing accustomed to strange bed-fellows. As Mr. Lees-Smith (Labor) said in Parliament on Sept. 9, "coalition gov-

ernments are like the marriage service of the Church of England. They begin with the word 'Beloved' and end with the word 'amazement.'" At the time of writing (Oct. 7), "Beloved" has worn rather thin and "coalition" is giving way to a new and real integration, but some "amazement" still persists among the slower-witted. The National Government is painfully learning what its title involves.

Following the presentation of Snowden's supplementary budget on Sept. 10, the National Government, overwhelmingly Conservative in its membership, had relatively little difficulty in carrying its economy and new taxation proposals through the House of Commons by majorities of from 55 to 60. The Labor Opposition did its utmost to criticize and impede, but it was hampered by divisions of opinion within its ranks and by the ease with which members of the Labor Cabinet now in the National Government could discredit former colleagues who had remained true to the Labor party. MacDonald, Snowden, Thomas and even Liberal and Conservative Ministers found it useful during the debates to remind Parliament that Henderson, Clynes and Alexander had during the anxious last half of August approved large portions of the economies and increased taxes now proposed by the National Government.

This measure of success, however, did not satisfy the more vigorous and impatient Conservatives. The Tory tail was bigger than the Nationalist dog and it disliked being headed by a former Socialist. It was less accommodating than circumstances warranted and it promptly introduced, in a general high tariff and a demand for an immediate election, two proposals calculated either to drive out the Liberal and Labor members of the government or bring them over to conservatism. This movement was led by Neville Chamberlain, Minister of Health, who publicly castigated the Liberals for their past support of

Labor and overrode the conciliatory Stanley Baldwin by the vehemence of his demands.

This confused wrangle, which was leading nowhere, was cut short by disorder in the British Navy at Invergordon on Sept. 15. The government had asked the Admiralty to effect reductions in pay and services to produce a specified amount of economy. The cuts in seamen's pay, which subsequent inquiry revealed to have ranged from 7 to 14 per cent, were announced in a way which was calculated to put older sailors, who believed their pay was on a contractual basis, on a par with younger men enlisted on the new scale since 1925. Moreover, some seamen who had married before the age of 25, when marriage allowances begin, were seriously affected by the reductions. In general, also, it seemed as if the men were being asked to give up more than the officers, although this was not the case.

Mass meetings of sailors were held on shore and a passive resistance was set up which prevented the sailing of five battleships, two battle cruisers and three cruisers (in all 8,700 men) on Autumn fleet manoeuvres. There was practically no violence, but instead a good deal of singing of such convivial songs as the "Frothblowers' Anthem." On Sept. 16, the ships were ordered to home ports pending investigation and, by announcing that there would be no punishment, with inquiries instead of courts martial, the Admiralty in effect admitted that it had acted without sufficient consideration. No disorders occurred in other naval divisions.

Mutiny in the British Navy, however mild, meant screaming headlines in the world's press and a further waning of confidence in British credit. On Sept. 17, Sir Ernest Musgrave Harvey and other bankers visited the House of Commons to inform the Prime Minister that, probably owing to the election talk and the naval disorders, the Paris and New York

credits were failing to check the run on sterling. The French Government was willing to give more help, but New York did not see the usefulness of further effort. On Sept. 17 the bank gave up \$25,000,000, on the 18th, \$50,000,000, and on the 19th, \$90,000,-000. A near panic in Holland because of budget difficulties seemed to be doing most of the damage, but Zurich and Brussels helped, and on Sept. 20 it was admitted in New York that there had been "a rush to sell sterling." The French banks resolutely maintained their London balances. Paris, however, reported that there had been a large number of orders from British investors to sell sterling and British stocks in favor of French and American substitutes. This domestic flight of the pound, which had been going on for years, was undoubtedly accelerated in August and September. Mr. Snowden, who had appealed for its cessation, said on Sept. 21 that it had not played a substantial part in the panic of Sept. 15-19.

On Sept. 21, Parliament authorized the Bank of England to cease selling gold "at the price of £3 17s 10½d. per ounce troy," thereby empowering it to retain its \$650,000,000 of gold reserve by letting the paper pound fall to its exchange value. The national budget had been balanced, but that had not been enough to check the international snowball of diminishing credit and confidence. Between July 15 and Sept. 20 over \$1,000,000,-000 in funds were withdrawn from the London market. On Sept. 21, the bank rate was raised from 4½ to 6 per cent and the exchanges were closed for two days.

The passing of the pound after six and a half years of effort to keep it at pre-war parity (\$4.8665) immediately affected all the domestic issues of the day with varying degrees of permanence. In dollar value it fell to \$3.49 by Sept. 25, but recovered towards the end of the week to between \$3.80 and \$4. This depreciation of approximately 20 per cent served, at

least immediately, to indicate in part the change in the British economic and fiscal situation. For instance, if the government should authorize the Bank of England to expand its note issue to a degree corresponding to the decline of the pound in terms of foreign currencies, reductions in salaries and social service payments about whose amount Parliament and the nation have been quarreling would automatically be effected.

In the same way Great Britain became automatically equipped with a general tariff. Her money will not buy as much in foreign markets as it did, a serious matter for a country which imports 60 per cent of its food. The lag in the harmonizing of internal prices to coincide with the altered pound has already been reflected in a speculative boom in stock prices and in a perhaps temporary revival in the textile and heavy industries. While the price maladjustment favors her, Britain is a stronger competitor in export trade. Finally, the internal portion of the public debt of about £7,000,000,000 (about \$35,000,000,000) has been diminished by the percentage of the decline in the pound at the expense of the domestic holders. Parliament on Oct. 1 authorized the government to convert the £2,000,-000,000 (\$10,000,000,000) 5 per cent war loan so that at any time after three months' notice a still further cut can be made in the debt burden by lowering the rate to 3 or 3½ per cent or redeeming it in depreciated sterling, again at the expense of domestic holders.

On the other hand, the government has promised to meet its foreign gold obligations in gold which now costs it 20 per cent more in sterling. The country, having already suffered grievously from the "freezing" of its investments in Germany (about \$350,-000,000), Central Europe, South America and elsewhere, must receive much of any capital and interest re-

turns in depreciated pounds. Most seriously of all, the income from services in finance, insurance and so on, which has hitherto amounted to between \$250,000,000 and \$300,000,000 a year and has helped convert an adverse into a favorable national balance of payments, was based on three things, two of which have vanished, that is, foreign confidence in British credit, a pound at gold parity and a highly efficient world-wide financial machinery. The best that Great Britain can hope for in the handling of the bills of international trade is either a pound swiftly stabilized at a new gold level or the chance to make and discount bills in French and United States currency. The return to a liquid state of Britain's \$25,000,000,000 of foreign investments depends entirely on the degree of world recovery. The worst outcome would be so great a loss in foreign investments and income from foreign services as to throw 45,000,000 people back upon their own productive capacity in an island too small and too poor in natural resources to exist without large imports. The standard of living would fall, but Great Britain would be a fierce competitor in world markets.

In the light of these automatic results which arose when world events dislodged the pound, Members of Parliament and voters surveyed the situation after Sept. 21. Apparently the old political issues had disappeared. Yet angry, puzzled men felt that there was a fundamental division of opinion. They were quite right, but they were hampered by being unable to rid their minds of old slogans, fetishes and tabus. Part of England is still conservative and part still radical and socialistic, but not only did extremists on both sides find it hard to formulate clear ideas and aims, but there remained such in-betweens as the Liberal remnant and great numbers of people who needed to be educated and galvanized into entering one camp or the other. Briefly,

after playing with the idea for sixty-five years, Great Britain had to admit to a class division between capital and labor, and to give it enough political expression to be able to carry on the business of government under the accepted Parliamentary system. There was no broad support for either brand of dictatorship, nor did the times produce suitable leaders for such attempts.

The Conservatives started the battle by bringing out their old demand for a high general tariff and an immediate election chiefly on the tariff issue because the supplementary budget had already accomplished all government set out to do except the impossible task of saving the pound. They desired to profit as much as possible by the three-party character of the National Government.

Yet Mr. MacDonald, physically exhausted and repudiated both by the Labor party and by his former constituents, was not expected in the next House of Commons in spite of his intimation on Oct. 3 that he would again contest his old constituency, Seaham Harbour. Mr. Snowden, a tower of strength to any government, announced that he would not be a candidate at the next election. He had surpassed his customary acerbity in flaying his former Labor colleagues in Parliament. Lord Sankey, in spite of his known inclinations towards nationalization of mines, had in the Federal Structure Committee of the Round Table Conference on India proved himself to be so nearly indispensable to successful completion of that task that political affiliation would have to be ignored in order to retain his services. Mr. Thomas seemed to have cut himself off—and been cut off—almost completely from the Labor Opposition.

That left about eight Labor followers of Mr. MacDonald and about fifty-eight or sixty Liberals and Liberal Independents to be accounted for in the National Government. The

Conservatives wanted very much merely to present them with a general tariff program and let them take it or leave it. They tried this in the Cabinet on Sept. 28, only to have it divide (it was credibly reported), four Conservatives and probably Mr. Thomas in favor of a general tariff, with the other three Labor members and the two Liberals against. The extremists thereupon felt that there could be no outcome but an election.

There was no way, however, of telling whether the country wanted an election. The suspense during the campaign would aggravate the existing foreign uncertainty about Great Britain and hamper a recovery in sterling, and it could plausibly be argued that the balanced budget and the passing of the pound had rendered unnecessary a new popular mandate. Yet the Conservatives itched to convert their present power and what they judged to be the weakness of Labor into an assurance that for five years they might govern Great Britain as they thought it ought to be governed. But they could not be certain what would happen if they dropped Mr. MacDonald and forced the Liberals to make up their minds about a tariff. The King consulted various leaders, but he could act only on the Prime Minister's advice, and Mr. MacDonald was opposed both to an election and to a general tariff. On Sept. 30 he announced that Parliament would adjourn on Oct. 7. It was now more than ever a difficult business to find the dividing line in Britain's largest political area, the field of political compromise.

The Conservatives made no bid for free-trade Liberal support, but built their platform around a high general tariff behind which the nation might begin a long climb to balanced trade to stand beside the balanced budget. In that way the rewards of property could be defended. In the process international competition must determine production costs for the export

market and the tariff insure Spartan economy at home. The standard of living must be determined by the competitive production costs of protected industries and the social services be scaled down to a point where a man would prefer prevailing wages to being dependent on unemployment insurance or relief payments. This platform might have been formally presented to the nation during the week of Oct. 4, but the Conservative party conference at Birmingham was abandoned to avoid the embarrassing consequences to the still-existent National Government. Officially the Conservative Ministers had temporarily dropped their high tariff proposals.

As the Opposition, with no power to lose, Labor was able to devise a formal platform, socialistic enough to be honestly characteristic, but baited to catch as many former Liberals as possible. It had been embarrassing for Mr. Henderson and others to have the Labor party and the trade unions learn how far they had been willing while in the Cabinet to effect economies, even in unemployment insurance payments and public salaries, but those errors were passed over. The low tariff sentiment among the party and its backers found safe anti-Conservative expression in the explanation that such a tariff would not be general and could be only a temporary substitute for the resolutely resisted reduction in the social services. The Macmillan Report on finance and industry, which is now being studied by all parties much more seriously than the May Report ever could be, provided some useful ammunition in the way of general economic policies. The total result emerged from vigorous discussions on Sept. 29 in a platform which was submitted for party approval at the Scarborough conference in the week of Oct. 4.

In this platform Labor reasserted its disapproval of the deflation which ended in the establishment of the gold standard in 1925 and demanded the

public control of banking and credit and the formation of a national investment board. Rather than currency inflation or deflation, it would have stabilization of prices at an agreed level, to be implemented by international agreement on the most useful distribution of the world's gold. It urged an immediate conference on war debts and reparations, whereby President Hoover's moratorium might become a starting point for cancellation and a fresh start in Europe and the world. It opposed any general system of tariffs and recommended the nationalization of land, power, transport, mines and basic industries. It urged "drastic and far-reaching" reductions in arms, and pledged itself to maintain social services and public salaries at levels compatible with decent living.

With this declaration Labor tried to force the Conservatives to define their aims with equal clearness. Many Conservatives could have done so, but their party hesitated until it could measure how far from its own lines it must expand in order to win over enough Liberals and compromisers to be sure of a majority at the polls. For the moment the party chiefs held their followers back, lest they cause the defection of a few Liberals and thus destroy the government's majority in Parliament.

The Liberals obviously again held the balance of power as they had during the preceding two and a half years, and Mr. Lloyd George, still convalescent, was bent on exploiting the situation and avoiding an election which might obliterate his party. Actually, however, the course of events seemed likely to have the same result, election or no election, by splitting the party into Right and Left sections. In the budget debate Walter Runciman, a life-long Liberal and free-trader, suggested the prohibition of luxury imports as during the recent war. On Sept. 15 Sir John Simon, who has long chafed under Lloyd George's leadership and who broke

away from the party during the last Parliamentary session, said: "We are forced by circumstances to abandon in this emergency the system of free imports." Two days later the Liberal executive committee announced its continued opposition to tariffs and to an election. It was reported, however, that the Liberals were badly divided on the tariff question. On Oct. 2 Sir Herbert Samuel, acting leader, gave ground a little by admitting that the Liberals in the government might consent to a temporary and partial tariff, but would oppose any general system. On the same day Viscount Grey, whose prestige with the Liberals is still great, announced that he was willing to accept tariffs if the government found them necessary for national security.

The Conservatives calculated that if Samuel and Sir Donald MacLean, the present active Liberal leaders in the Commons, were to break with the National Government, they could replace them with Simon and his most prominent follower, Ernest Brown. Yet they were loath to lose even a dozen Liberal votes before a general election. Their hesitation was justified on Oct. 3, when the three sectional executive committees of the Liberal party decided to oppose tariff and election. They preferred to put off the hazards of an election and they knew that the government could not get along without them.

This defiance of the logic of events meant that for the moment Mr. MacDonald had failed to find a tariff formula behind which his government could go to the country. The prevailing uncertainty was reflected on Oct. 3 by a fall in the pound from \$3.98 to \$3.82. Unemployment, which had fallen during the week of Sept. 14, rose again next week to 2,811,615 and to 2,825,772 in the week ended Sept. 28. The process of dividing British political opinion into two camps was still incomplete. Probably the tariff is the only domestic issue left around

which the battle can be fought, though it would be more relevant if the issue were maintenance of Labor's standard of living and the social services.

When, on Oct. 5, even a personal visit and appeal by MacDonald to Lloyd George had failed to win over the Liberal leader, the Cabinet (including its two Liberal members) decided to risk out-and-out Liberal opposition to a tariff at the polls rather than give up the election in return for a proffered moderate working compromise in that opposition. The Prime Minister received a mandate from the Cabinet to draft a broad appeal for electoral support without any concession to the free-traders, and Oct. 27 was chosen as the date of the election. Meanwhile, the Liberal party had split, twenty-two of its members of Parliament having bound themselves "to give firm support to the Prime Minister as head of the National Government and for the purpose of fighting in a general election."

British voters were thus to be asked to discriminate among several parties and fragments of parties—the Conservative, Labor and Liberal members who now call themselves Nationalists; the Right and Centre of the official Labor party, and its Left Wing which is to operate without official blessing under Independent Labor party auspices; the free-trader Liberals who have stuck to Lloyd George and his campaign fund and will oppose a tariff; and those stubborn Parliamentary supporters of the National Government who prefer to go to the voters as Conservatives pure and simple. Mr. MacDonald himself typified the pre-election confusion by deciding to fight his old constituency again "as a Labor candidate" and as leader of the National Government. That decision seemed to bespeak a faith in manipulation of men and issues which belonged to a less crucial day.

[For further developments see Professor Brebner's article in "A Month's World History."]

The South in Transition

By ROBERT W. WINSTON

Author, "Life of Andrew Johnson"

THE phrase "The New South" was coined in the '80s, when the Gradys and Wattersons were exclaiming, "The South, the South; we thank God that at last we can say with truth it is simply a geographical expression!" Was the wish of these patriotic men but father to the thought, or was there then and is there now a New South? Industrially great strides have been made since the Civil War, for the South has abundant water power, raw material at hand, a temperate climate, cheap labor, long hours and Northern capital. More important, however, is the attitude of certain forward-looking Southern leaders toward social organizations.

The brains of the South formerly went into politics and the professions, but now a business career is the goal of ambitious youth. We therefore find that Virginia has exchanged Thomas Jefferson for Thomas F. Ryan; Georgia, Howell Cobb for Asa Chandler; North Carolina, Zeb Vance for James B. Duke. Under this new leadership industrial advance has resulted, as the census shows. In 1929 the Southeast produced manufactured goods valued at \$4,242,000,000, nearly a fourfold growth since 1910. In 1929-30 hundreds of millions of Northern capital were invested in Southern industries—iron, rayon, cotton, furniture, fertilizer, paper and rubber.

The change in public corporate co-operation is even more remarkable. Before the turn of the present century Southern States and municipalities were individualistic, not cooperative.

There were few hard-surfaced roads or bridges spanning great rivers. Public schools were poor; one-teacher organizations, industrial schools and colleges fought for existence. Today this is changed. States, counties and cities have worked with one another. They have issued bonds in large amounts. The Boston motorist on his way to Miami stops at a modern Southern inn, moves comfortably over hard roads and concrete bridges, discovers commodious brick school houses, well equipped, supplied with a half dozen teachers and filled with pupils who learn their lessons from textbooks and are transported in public buses provided at the public expense. This co-operative spirit, however, is confined to public enterprises; private industry is still largely individualistic. As one enthusiast said: "Since slavery was abolished, the South has been brought into intellectual and moral relations with the rest of the civilized world."

But it would be going too far to assert that the social status of the people as a whole has changed with changing industrial conditions. The South is still agricultural, and agriculture lags. The per capita wealth is small, the percentage of illiterates is large. The tenant system, a species of absentee landlordism based on the one-crop plan, which exhausts the soil, still prevails. The value of farm implements in the South is only \$1.98 an acre, a sum much lower than the average of the nation. Though here and there in the South agriculture has felt the stimulus of such devices as co-operative farming and community

creameries, on the whole it has not improved. Southern farmers pursue the old wasteful methods, so that even though they may realize large sums for their crops they have small savings accounts. The 15,000,000-bale crop of cotton and the 500,000,000 pounds of tobacco are spent in paying for fertilizer and home supplies.

Yet conditions, even in agriculture, are favorable. Southern States are bestirring themselves; the farmer is taught to diversify his crops, raise home supplies and waste nothing. Canning and stock-raising clubs are increasing, land is cheaper than it has been for twenty-five years and can be bought on long-term credit. Farmers who are alert and act on the live-at-home program are prospering despite hard times. Further encouragement lies in the fact that cities are growing. Although farm products are valuable only when there are purchasers, and there are at present more producers than consumers, the census shows that a change is taking place. Maryland, Kentucky and Alabama had a normal increase of farmers during the last decade, but this increase was absorbed by the cities, Baltimore absorbing the growth of Maryland, Louisville that of Kentucky, and Birmingham that of Alabama.

The possibilities of Southern agriculture may be illustrated by an example. Some years ago many German families settled at Ridgeway, N. C. That they have prospered was seen on a recent visit there. One farmer had just taken fifty pounds of fish from his pond. Bee gums could be seen on the grassy lawns. There were vineyards, peach and apple orchards and gardens for fruits and berries. The pigeon cotes were full and Belgian hares hopped about wire enclosures. Down in the creek steel traps were set for muskrats and mink, which have marketable pelts. There were also hogs, cattle and other ordinary live stock. When he goes to market he sells honey, fruit, chickens and skins, and purchases sugar, coffee,

flour and clothes. The proceeds of his main crop are held for investment. These farmers paid a few dollars an acre for their land, chose a healthful climate, a peaceful neighborhood and brought along their Lutheran preacher. They transplanted a little slice of Germany to America. But, after all, the foreign element in the South is small, and the future must lie with the native.

Is there a new South in politics and in ethical, social and private affairs? Here the South has a foundation on which to build an excellent civilization. It is not necessary to quote figures to prove that its people are homogeneous, courageous and moved by an impulse of loyalty to home, friends and country. But the South is high-strung and emotional, conservative and attached to the past. Deep within it are certain hindrances to progress which industrial leaders and forward-looking educators have been unable to remove. The principal handicap, with the older families in particular, is a Bourbon-like inability to forgive and forget.

In 1930 Anne O'Hare McCormick wrote a series of articles in *The New York Times* describing a visit to the land of Dixie. She discovered a sensitiveness, a bitterness going back to the Civil War period, which found expression in many ways. Some one once remarked that at Camden he was still spoken of as a tourist, though he had lived in South Carolina twenty years. So at Aiken, at Augusta and elsewhere the natives live apart from the tourists. The secretary of a Chamber of Commerce was once told that he ought to urge the natives to be less hostile to constructive criticism, and that the town would be improved if certain tumble-down shacks were removed. "Well, see here now," he interrupted, "I ain't going to start to eat dirt for no Yankee!" It may be objected that this was mere prejudice and that prejudice exists in the North as well as the South. Precisely. But note the difference: Northern preju-

dice does not hurt the pocketbook, while Southern prejudice does.

H. J. Eckernrode, the Virginian historian, recently said that for the natural and harmonious development of old Virginia, with her historic and cultural background, the State should be not industrialized but humanized; that Virginia needed more people, people of a broad and cosmopolitan outlook on life. Such settlers might come from the North. Let a little incident illustrate, however, one reason why Northerners stay away. At Richmond, last May, Albert Bushnell Hart delivered an address at the unveiling of Houdon's statue of Washington. A cultured audience of men and women representing various organizations filled the historic Senate Chamber. Dr. Hart was the honored guest and his remarks were well received until the last sentence, in which he quoted Lincoln's eulogy of Washington. This "breach of etiquette," for such it was in the eyes of some of the auditors, was resented. Next day neither city newspaper referred editorially to Dr. Hart's speech, and the news columns of one merely remarked that the reference to Lincoln created more comment than any other portion of the address. This feeling of resentment toward Lincoln, the head of a government which "coerced" the South, is stronger today, among certain elements, than it was forty years ago. But is not shared by the people at large.

A touch of prejudice is evident in politics, religion and the schools. It was as much prejudice against Catholics as it was mature reflection that caused six Southern States to go Republican in 1928. Then a religious prejudice combined with industrialism overcame a racial prejudice. But normally a race prejudice causes the South to remain "solid" sixty-five years after the Civil War, even to the extent of voting once for a near-Socialist, W. J. Bryan, and again for a capitalist, J. W. Davis. Not even industrialists will vote openly against

the party; they vote one way and privately spend their money the other.

That prejudice is disappearing and will go soon seems certain; a hopeful sign is the exodus of the Negro, for wherever he predominates, demagogues and certain belated professors fatten on prejudice. But the Negro is fast moving away. The last census showed that more than 1,000,000 had left the South in a decade, and that the Negro population of Georgia, South Carolina, Florida and Alabama had decreased 5 per cent. The modern Negro is of course race-conscious, and the lure of big Northern cities, where he may exercise the franchise and place his children in white schools, is strong. A Chicago teacher has said that the Negroes in the black belt of that city often insist that their children be transferred to schools for white children and that the change is often allowed for political reasons. In the South the Negro cannot vote, in the North he can; in the South he is hampered and humiliated by Jim Crow laws, in the North he is not. Under these conditions, how long will the Negro continue to live in the South?

Consider the impetus which the departure of the Negro has lent to the transition of the Old South into the New. Violence and mob law have diminished. Since 1920 lynchings have been less than half the average of the '90s. The industrial South is seeking to return to Republican principles, and the border States endorse a protective tariff. When the Negro is gone, immigrants will seek homes in the South, and race and religious prejudice will diminish. But the chief advantage of the exodus of the Negro is that the Southern whites may then overcome the notion that manual labor is for Negroes only. Jefferson Davis once boasted that the white men of the South were the only people superior to manual labor, and this thought has dominated the South for years.

Again, when the Negro is gone, the

Solid South will go also, and the Southern white man will think as he pleases and speak his own mind. At present he cannot do this, although he may think he can. An inexorable caste system binds him hand and foot. In 1929 a Northern educator came South to study the political situation and predicted that Senator Simmons was going to lead a revolt against Democracy and disrupt the "Solid" South. But he did not know his man. Senator Simmons would not have dared do such a thing; the principle of *noblesse oblige* would have prevented him. With the going of the Negro will go the demagogue. Soon will vanish the professor who keeps alive Civil War prejudices, fires the breasts of splendid, credulous women, and teaches the sacredness of Secession—a dogma which led to war, devastated the South, forced her enterprising sons to seek homes elsewhere and today prevents immigration and breeds such organizations as the Ku Klux Klan.

The South of 1931 is not unlike the South of 1831, each occasion being pregnant with Southern opportunities. One hundred years ago a few politi-

cians and college professors secured control of the South and changed her attitude toward slavery. Previously slavery had been considered but a temporary evil, to be abolished as soon as possible. Then came Professor T. R. Dew, and later Rhett, Yancey and Jefferson Davis, who taught and convinced the South that slavery was a wise and economical institution. Much the same sort of leadership may be found today. Southern politicians are maintaining that the disfranchised Negro should remain where he is. Here and there a college professor stirs the embers of hate, calls the Civil War "The War for Independence," induces women to inscribe on their banners "Lest We Forget," and flatters the error of the Old South in the choice of slavery. But it is hoped that such sycophants will pass. The nation needs the virtues of the Old South and the powers of the New. Wholly new she should not be; her conservatism and tradition are in many ways highly desirable. It is necessary for her well-being, however, that she emerge from the shadow of past hopes and delusions, and face the modern age with a true modern spirit.

The Corruption of the French Press

By ROBERT DELL

Paris Correspondent, Manchester Guardian

THE condition of the newspaper press in many European countries, and particularly in France, is far from satisfactory as a result of undoubtedly deterioration during the last quarter of a century or so. At the same time, the press has never had as much influence as now. The circulations of the popular newspapers would have seemed incredible at the beginning of the present century. It is therefore important that the press should be free, independent and honest, and above all, truthful and accurate in the presentation of news. The press exercises more influence through the news columns than through editorial articles. Readers know what the political views of a newspaper are and discount, accordingly, the opinions expressed in its editorials, but they are at the mercy of its news, especially the news from other countries.

In Italy and Russia the press is entirely under government control and can print nothing that the authorities object to. In Italy the difficulty in obtaining accurate information about what is really happening in Italy itself is almost incredible. Sometimes papers in certain places are allowed to publish certain facts, and papers in other places are forbidden to publish them. There have been occasions when the whole press has been forbidden to print one of Mussolini's own speeches,

presumably because it was intended for external consumption only.

In Great Britain the freedom of the press is threatened in another way, namely, by the increasing concentration of a large number of papers in the hands of a single proprietor. If this tendency continues the time may arrive when the whole newspaper press of Great Britain will be in the hands of two or three individuals with the power to decide what the British public is to be allowed to know, suppressing important information and distorting news in their own interest or in accordance with their political views. To that extent they will be the masters of the country. Such a condition will be even more dangerous than governmental control of the press, and may yet raise the issue of legislating to prevent the press from becoming an instrument in the possession of a few individuals.

In Germany, as in Great Britain, newspaper trusts are increasing, but in both countries there are still great independent journals, which are honest and objective in their presentation of news.

To mention only a few, such papers as the *London Times*, the *London Daily Telegraph* or the *Manchester Guardian* in England, and the *Frankfurter Zeitung*, the *Berliner Zeitung*, the *Koelnischer Zeitung* or the *Hamburger Fremdenblatt* in Germany still

maintain a high standard. In Holland, in the Scandinavian countries and in Austria the standard of the press on the whole is a high one.

In France, on the other hand, there are few really independent papers, and the press as a whole, it must be said, is corrupt. The standard of the great provincial papers, of which the *Dépèche de Toulouse* is the most important, is, however, higher than that of the papers in Paris. There has been corruption in the French press as long as I have known France, but it is worse now than it has ever been before. It takes various forms, direct and indirect; it is the work of the French Government, of foreign governments, of bankers, financiers and great industrial interests; it affects both the newspapers and individual journalists. One reason why individual journalists in France are open to corruption is that they are paid abominably low salaries. That does not mean that all French journalists are corrupt; many are not, but there are also too many who are.

There is, for example, a very well known French journalist whose salary is only \$1,500 a year, although his standing in England would bring him about \$10,000 a year. Asked how the French papers succeeded in paying such low salaries, this journalist replied: "It is very simple. The editor of an important paper knows that when he has given a man such a platform as that of his front page, the man would be a fool if he could not make money."

The foreign sources of corruption are much more numerous than they were before the war, when the largest subsidies to the French press came from Czarist Russia. Poincaré has himself admitted that when he was Prime Minister he distributed to the French papers the money supplied for that purpose by the Russian Government through Isvolski, the Russian Ambassador in Paris. Today subsidies pour in from Poland, Czechoslovakia, Yugoslavia, Rumania, Bul-

garia, Hungary, Italy and perhaps also Germany and Austria, although there is no newspaper in Paris that shows signs of being under German or Austrian influence. The governments of the new European States, especially Poland and Czechoslovakia, spend enormous sums on propaganda and on bribing the press in foreign countries.

A Polish diplomatist in a European capital—not Paris—once attempted to bribe me by offering to pay my expenses on a short trip that I was about to make. He must have known that I would not accept only my expenses, which were trivial, and no doubt he hoped that I would name a good round sum, which he was prepared to give. He was not in the least perturbed when I declined, and indeed he took very little risk, for there was no one else present, and if I had published the fact that he had made the offer he would have denied it, and I could not have supported my statement by the evidence of a third party. I could not help thinking that he would not have made the proposal had he not already made it successfully to other English journalists.

A member of a foreign legation in Paris, whose duty it was to distribute subsidies to the press, told me this amusing story: An important morning paper, which was on his list, began one day publishing signed articles by one of its contributors attacking the government that he represented. Naturally, the diplomatist called on the editor and remonstrated, whereupon the editor replied that he was very sorry, but he had a contract with the author of the articles which compelled him to publish everything that the latter wrote. The result was that the legation in question had to pay the author of the articles as well as the paper itself.

Another amusing story is told by a Frenchman who writes a good deal in the press, but with whom journalism is only a secondary occupation. One day he sent an article criticizing the

policy of the Hungarian Government to a small daily paper to which he was a regular contributor. In the evening the editor asked him on the telephone if he would mind if his article were not published. The writer said that he would mind very much, and asked what the editor's reason was for not wishing to publish the article. The editor replied that his Hungarian correspondent objected to it. "What if he does?" said the writer. "Let him object." "Well," replied the editor, "the fact is that the correspondent gives the paper 6,000 francs (\$240) a month." The writer still insisted, the article appeared, and presumably the paper lost \$240 a month.

The number of daily papers in Paris is unnecessarily large. There is first of all the *Temps*, which appears in the afternoon and which is the most important politically. It is the semi-official organ of the government, though only so far as foreign affairs are concerned, and its daily editorial on these matters expresses the views of the Quai d'Orsay. There are the great morning *journaux d'information*, as they are called—the *Petit Parisien*, *Matin*, *Journal* and *Petit Journal*—all of which have large circulations. These papers profess to be independent in politics and they do not regularly support any particular party, but they are all nationalist and they all express the opinions of the government on foreign affairs, although one or the other of them may be particularly semi-official at any given moment.

Of the papers taking a definite party line, the most important is the *Echo de Paris*, the morning organ of conservatism and nationalism. Its articles on foreign affairs are written by "Pertinax" (André Géraud), who is very nationalistic, but quite independent, and forms his own opinions. For that reason, and also on account of his talent, he is one of the most interesting writers on foreign affairs in the French press, although one has

to differ from him fundamentally on most important points.

The *Figaro* and the *Ami du Peuple* (which has acquired a large circulation because it costs only ten centimes—less than half a cent) belong to M. Coty, the wealthy perfume manufacturer, who is violently nationalistic and reactionary. These papers advocate his personal policy, the motives of which are often obscure.

Then there are many so-called *journaux d'opinion*, the most important of which are the *Oeuvre*, which is more or less on the Left; the *Populaire*, which is the official organ of the Socialist party; the *République*, official organ of the Radical party; and *Humanité*, official organ of the Communists. Where foreign policy is concerned, the *Oeuvre* is a mouthpiece of Briand; the other three are independent of the government. So are the *Action Française*, organ of the Royalists, and the *Journal des Débats*, a respectable evening paper with strong conservative and nationalist opinions. The most popular evening paper is the *Intransigeant*, which has an enormous circulation; it, too, is conservative and nationalistic.

Most of the *journaux d'opinion* are tiny, usually four small pages, and contain no news at all except a few agency telegrams. They are read by such few people as do read them entirely for their signed articles, which in most cases are written by well-known men. How these papers exist at all is a mystery. Some of them are never to be seen in the hands of anybody in a public conveyance or elsewhere, and their sale must be less than 1,000 copies a day. Naturally, they are all conducted at a loss and are subsidized by somebody—by a politician who wants to make a career or by some business man or financier or by an industrial concern with an axe to grind. It is hard to understand how it can be to the interest of anybody to subsidize papers that no one

reads, but for some reason it appears to be. Some of these papers make a certain amount of money by puffs—concealed advertisements in their news columns—or blackmail. Most of the French papers go in for puffs, for the French advertiser prefers this form of advertising. The financial article of a paper is also a source of revenue. The financial editor of a Paris newspaper is not usually paid; on the contrary he usually pays the paper, and is paid himself by the companies whose shares he recommends to his confiding readers. Even reputable papers farm out their financial columns.

Book reviews, criticisms of plays, notices of picture exhibitions and similar matter in the daily papers are usually also puffs and are paid for. Years ago, when I organized an exhibition in Paris of the drawings of Aubrey Beardsley, representatives of some of the leading papers called on me and asked a certain sum—in some cases quite a high one—for a laudatory article on the exhibition by the art critic of the paper concerned.

A great many of the *journaux d'opinion* are also subsidized by the French Government, as are the majority of papers in Paris. The money is provided out of the secret service funds, and the system has been brought to perfection by Briand. The Quai d'Orsay gives a regular subsidy to a large number of papers, which varies according to the importance of each paper. In some cases it is very small, and it is not in any case more than about \$12,000 or perhaps at the outside \$14,000 a year. This is one of the means by which the Ministry of Foreign Affairs keeps its grip on the French press.

Here we see one of the worst features of French political life; there is no real public opinion, and what takes its place is manufactured by a press tied to the government. This more than anything else makes France so dangerous a factor in European poli-

tics. It explains why French people nearly all think alike about international questions; why they are subject to periodical fits of hysteria about imaginary perils; why they are suspicious and jealous of nearly all other countries; why, although the majority of them hate war and desire peace, they allow their government to be the chief obstacle in Europe to any genuine measure of disarmament and to pursue a policy of domination. The French people know only what their government and the press under its control allow them to know. Facts are suppressed or distorted; the actions of foreign governments are misrepresented. As a consequence of this system, nine out of ten Frenchmen sincerely believe that France is the only country that has reduced her armaments; that the other countries are conspiring to disarm her while remaining armed themselves; that those who disagree with French policy are enemies of peace, and that never in history has a conquered country been treated with such leniency and generosity as Germany has been by France, who, as a result, has met only with base ingratitude.

The French Government can in a few weeks through the press entirely change what passes for public opinion, work up a panic or quiet it down, make one country popular or another unpopular. Not long ago the tap of the German peril was turned off and the tap of the Italian peril turned on, with the result that in a few weeks everybody in France ceased to be afraid of Germany and became afraid of Italy. Then for some time both taps were running at once, and the French people were afraid both of Germany and Italy. Next the tap of Italy was turned off and Germany was again the menace.

All the agitation about the proposed Austro-German customs union was artificially worked up by the press. Ninety-nine out of a hundred Frenchmen would have been quite in-

different to it had they not been told that it was a terrible danger to France and the first step toward a German war of revenge.

When the French Government decided to go back on the naval agreement made by France with Great Britain and Italy on March 1, 1931, there was a campaign of mendacity in the French press, the bad faith of which has rarely been surpassed. When the text of the agreement was published on March 11, the whole French press greeted it with enthusiasm and declared it to be perfectly satisfactory to France. A month later the whole French press said exactly the contrary and declared, if the agreement were adhered to, it would ruin the French navy and put France at the mercy of Italy. The British Cabinet Ministers who negotiated the agreement were accused of having deliberately deceived the French Government, and the newspapers did not hesitate to contradict the official figures supplied by the French Ministry of Marine, which they themselves had published a month earlier.

All this is the more deplorable since the French press has many merits. The literary standard of the best French papers is still high and there still are many writers of great ability and knowledge whose articles carry weight. In France, as in other countries, the press deals with subjects other than politics, and it often deals with them very well. The lighter articles in particular are of high quality and superior to anything of the kind in the press of other countries. They are often light without being trivial, and as in the novels of Georges Courteline and some other French humorous writers, their apparent lightness often covers a serious purpose. Nothing in the press of any other country is like the daily article that R. de la Fouchardière contributes to the *Oeuvre*. He makes one laugh but he also makes one think. The irony and satire that he directs against militarism and every kind of

humbug and delusion are far more deadly weapons than solemn denunciation.

The popular papers in France are more serious than the popular papers in England, which means that the public to which they appeal takes a greater interest in serious questions than the English public. One has only to compare, for instance, the *Petit Parisien*, which has the largest circulation of any daily paper in France, with one of the English popular papers to see how superior the former is. The English popular papers are full of trivialities, sensational stunts and appeals to every form of snobbery. No French popular paper fills its columns with portraits of film stars and fashionable brides, gossip about duchesses, highly colored accounts of trivial incidents, discussions by Bishops on the advantages or disadvantages of short skirts, or by actresses on the existence of God.

The French popular papers give much space to foreign news on one of their most important pages. The English popular papers neglect foreign news entirely. It is hard to understand why such English journals keep up expensive foreign services, since they publish about half a dozen lines of what their correspondents send them. Some of the English daily papers with large circulations have sunk to a lower level of inanity than any other papers in Europe.

Moreover, some of the English papers have become quite as tendentious as any French paper in their treatment of news, and do not hesitate to publish news "stories" that are pure fabrications. There appeared in an English paper an account of the abdication of the King of Spain which apparently had been written by an eye witness. It described, among other things, how the King took up a gold pen and after a moment's hesitation signed the abdication which was presented to him. The only objection to the story is that the King never signed any abdication at all!

The Soviet Attitude Toward Romance

By EUGENE LYONS

Moscow Correspondent of the United Press

NOTHING could be more typical of the frame of mind which the Communist dictatorship has induced in present-day Russia than the way in which romantic love is treated on the stage and on the screen. Under the influence of Soviet ideas the favorite theme of dramatists and scenario writers the world over has been robbed of nearly all its glamour and dismissed as too trivial to provide the motivations of social drama. To the makers of a new society the fluttering of young hearts seems unworthy of serious attention in a world in which vast and momentous changes are taking place.

Consider for instance a motion picture called *Real Life*, produced by the White Russia Kino Company some time back, which tells the story of the dark-haired, red-kerchiefed Sonia working with steady eyes and upright conscience at her machine in the new industrial paradise, her industrious example a spur to the other workers. Every time the percentage of production in her factory rose, her bread-and-butter features shone with pride. She knew the thrill of doing her duty, of being an emancipated self-dependent female, of advancing the success of "the Five-Year Plan in Four Years." She was indeed a model proletarian until, in the alluring guise of the Communist journalist Vasya, the serpent appeared and proffered the apple of love. Vasya was a Communist but

alas! an unworthy one. With guile and gallantry he lured the working girl to a life of shameful leisure and marital bliss. Sonia's place at the machine was vacant, her earnest pace-setting ardor diverted to the home. Gradually the young married couple sank deeper and deeper into the slough of comfort, while production in the factory decreased and "the Five-Year Plan in Four Years" trembled in the balance. There is no telling where the tragedy might have ended if not for the timely intercession of the scenario writer, with some assistance perhaps from the official censor. The sinking Sonia is rescued in the nick of time. On the brink of complacent bourgeois happiness she is made to realize the error of her ways. Red bunting blooms on every wall when she returns to her machine amid the hosannas of her fellow-workers, and once more the factory's output increases, while the unworthy Vasya is cured of any predilection for misleading honest working girls into old-fashioned domesticity.

In watching the new plays and films and reading the new books of Soviet Russia it is almost impossible to escape the memory of the old morality plays. No story is told any longer for its own sake, but for the sake of a political or economic lesson. Art is frankly and proudly in the service of the Five-Year Plan, which is much too crowded a program to permit space for love, much too dramatic an under-

taking for the nation as a whole to find room for personal romance.

In a more recent Moscow movie the rôle of love is even more ignominious. It is at once the tempter and the temptation. Inexorably it leads its victims to death and depravity. The young couple begin their screen existence as model citizens of the Soviet Union. They are members of the League of Communist Youth, vigorous, devoted, industrious. Then they fall—fall in love. Their heads, heretofore steady, are turned by romantic atavisms. They begin to dream of a little home and hours of ease in one another's company. They make love when they should be at work in a factory or carrying on propaganda. While their comrades hold conferences and study American industrial methods, they hold hands and study the moon over the river Neva. The young man's infatuation leads him to neglect his duties. That in turn leads to the collapse of a bathhouse and his sweetheart is among the victims. It is retribution of the most old-fashioned kind. Sin does not go unpunished in Soviet moralities any more than in those of the Middle Ages. The young man, ostracized by his former comrades, takes to the two principal Russian intoxicants, vodka and introspection. Formerly nine out of ten Russian tales ended with a suicide. Had the young man's misfortunes come before 1917 his fate would have been sealed, the author needing merely to choose among various methods of self-annihilation. Luckily for him the land of Dostoyevsky is as solidly committed to the happy ending as Hollywood itself. A picture ending on a pessimistic note would open its author, director and producer to charges of spreading "defeatist" ideas or encouraging a "demobilization sentiment." It takes a good deal of ingenuity to drag the lovelorn renegade back to the fold but in the end it is accomplished with the usual display of bunting.

In the two motion pictures cited love has been reduced to the level of

money-making, personal ambition and other cardinal capitalistic sins. It plays an important but scoundrelly part. In the majority of current Soviet productions, however, love is denied even the distinction of importance. Either it does not appear at all, which is surely the hardest of fates for an emotion accustomed to monopolizing the limelight, or it has a secondary, incidental place, often enough as a sort of comic relief. "What is the place of love in your literature today?" was the question put to a Russian who has written a number of successful plays in the last few years. "We are now concentrating on heavy industry," he replied facetiously. "And there's no love without light industry; there's no romance without silk stockings and bright neckties and other pretty things." His humor veiled a sober truth. The struggle for the ordinary everyday necessities, for food and clothes, is so sharp that it leaves little energy for lighter interests. Heavy industry, the colossal exertions of reconstruction, absorb the national strength, that of the arts included.

In the outstanding Russian pictures known abroad the absence of the love theme is notable. Sergei Eisenstein's *Potemkin* is a glorified newsreel, superbly done, in which love interest has no place; the same applies to his *October*, released abroad as *Ten Days That Shook the World*, and to his last important production, *The Old and the New*. The work of Vsevolod Pudovkin, who shares the laurels for Soviet film leadership with Eisenstein, is equally lacking in love interest. His *Last Days of St. Petersburg* and *Mother* are stirring historical documents in which the awakening and awakened masses are protagonists. Humanity in the mass, with its collective hopes, struggles and emotions, is the theme rather than individuals and their private lives. There is a thread of love running through *Mother*, but that is because Maxim Gorky wrote the story long before the new Soviet

attitudes originated. One need only imagine what a conventional Hollywood director would have done with this story, how he would have lifted the love story until it colored and overshadowed everything else, to understand the Soviet attitude toward love. The latest Pudovkin production met with objection from the censorship because a streak of romantic love ran through it.

One of the best films yet made in Soviet Russia stirred up opposition largely because it tended toward the sentimental in the treatment of nature and nature's manifestations through love. This was *Earth*, written and directed by Alexander Dovzhenko, a brilliant young Ukrainian. Its hero, an active Communist, engaged in a life-and-death struggle against reactionary anti-Soviet elements in his village, has the ill grace to complicate his work by falling in love. So completely is he overpowered by his feelings that he goes blithely in an ecstasy of love, singing and dancing to his death at the hands of the kulaks. The inspiration of his love, a healthy peasant girl, plunges into a literally naked ecstasy of frustrated passion. Dovzhenko was at once attacked as a mystic, a sentimentalist, almost a traitor to the Bolshevik cause. Even the triumph of the tractor, which provides the inevitable happy ending to the picture, did not save him from violent censure.

This does not mean that love has been completely expunged from the Soviet screen. It has merely been shown its proper place in the Soviet scheme of things, thoroughly deflated and reduced to its least common biological denominator. The ordinary love story, with its traditional heartbreaks, jealousies and other theatricalities, the kind of story which is found in American magazines, is unthinkable in the Soviet Union. In the eyes of Communists and their supporters life is too grim, too earnest for the intrusion of the softer sentiments. The colossal economic program

on which the Soviet Union is engaged amounts to the telescoping of a half century of industrial progress into a decade or less. The astounding compression is being attempted not alone in industry but in every department of human life. A primitive people, to whom medieval serfdom is a memory of yesterday, is being hurried to modern cultural levels. The pressure upon the Russian people is frightful. For those leading or whole-heartedly supporting the Soviet experiment there is only one virtue and that is victory, only one worthy sentiment and that is devotion to the cause. Of the hallowed words of the old era a few—fighting terms calculated to raise the morale of a population in the trenches of a mighty struggle—have been raised to positions of glory—words like "duty," "sacrifice" and "discipline." But cooing peacetime words—"freedom," "justice," "love," "idealism"—ring like the coin of counter-revolution.

The new Russia is opposed to everything mystic, cloudy, soft or morbid. It demands stark-naked realism, science instead of religion, hard-and-fast five-year plans instead of vague utopias, biology instead of romance. It has or would like to have put an end to Slav fatalism, the "Russian soul" and the other excuses for national inertia. Romantic love in such a setting seems a ludicrous anachronism. The tragedy of a sweet young lady whose parents object to her marrying her handsome but penniless suitor cannot be expected to draw tears from people living on rations and fighting to establish a new social order. Even the revelation that the young man is really a prince or a millionaire incognito cannot thrill them as much as the completion of a huge hydroelectric station or a tractor plant.

It is therefore no wonder that the outstanding lyric poet of the Soviet era, Sergei Yesenin, committed suicide. In the chorus of condemnation the one influential voice which spoke sympathetically of the dead Yesenin

was Leon Trotsky's. Trotsky did not rail against lyricism. He pitied the boy whose love songs did not fit into a time of war cries, pointing out that Yessenin had been born too soon. More recently, another important poet, one who knew how to make war cries, Vladimir Mayakovsky, ended his life in a typically Russian lovelorn soul tangle, and in his last poem he wept for his unborn lyrics. Whatever love poetry is still being written in Russia is not being published, and the writing of very little of it is even being admitted. There is that disconcerting edge of the ludicrous about romantic self-indulgence, rhymed invocations to a girl's charms, in the midst of what amounts to a desperate civil war.

"We do not recognize any love," exclaimed the Communist student Khorokhorin in *Dog Lane*, a popular Soviet novel by Lyev Gumiilevski. "This is bourgeois business and it hampers our cause! It is the pastime of the satiated." This is an extreme statement of the case and is discounted by the more mature Soviet leaders, who know that human mating cannot be controlled and that the impulses are emotional as well as physiological. In its crude way, however, the statement just quoted reveals a far-reaching attitude. Similar views can be cited from a hundred Soviet novels and stories. There is, for instance, Elya Ehrenburg's portrait of the Communist worker Artem: "As regards love, he considered it a myth, no more real than the immaculate conception or Plato's cosmology, a myth as exploded as the miracle-working relics of the saints." To such Artoms and Khorokhorins—there are hundreds of thousands of them—the term love covers a multitude of "bourgeois indulgences"—the fox-trot, jazz music, lazy ease, loose thinking. These are anathema, things unclean. The anathema has been stretched to cover other matters which seem to the Communists out of tune with their strident materialism. Gypsy choruses have

been forbidden to sing their traditional "romances"—saccharine songs of frustrated love, jealousy, tragic partings and suicides. In fact, the word *tziganshchina*, that is, "gypsy stuff," has come to be used recently to describe anything mawkish.

In line with this drive against the sentimental is the removal of Maeterlinck's play, *The Blue Bird*, from the repertoire of the Moscow Art Theatre, where it had been for years. It has been replaced by a modernistic children's farce by Ury Olesha, called *Three Fat Men*, the three obesities being "Capitalism," "Militarism" and "Religion." Needless to say, the corpulent triumvirate is thoroughly deflated before the last curtain descends. Fairy tales of all kinds have, indeed, been "liquidated as a class." The new generation is growing up on a realistic diet. There are no more sleeping beauties nor Cinderellas nor fairy princes. The ogres have been replaced by "Imperialism" and "Counter-Revolution," the good fairies by "Socialism" and "The Five-Year Plan." The wonders achieved by gnomes and wizards in Hans Andersen are mild compared with the marvels achieved by machinery and factory "shock troops" in Soviet story books.

To come back to love, a dozen plays running in Moscow utilize it chiefly as a means of showing up the villains. When a suave factory director or engineer begins to sidle up to somebody else's wife or uses honeyed words to the woman chairman of the factory committee, the Soviet audience knows immediately that he is cast for the villain's part. In *Heights*, at the Korsh Theatre, the scoundrelly engineer-sabotager consorting with speculators and enemies of the Soviets is, at the same time, a handsome Don Juan. It is he who makes love to the light-headed wife of a Communist office manager. On a Soviet stage his fine talent for romance goes logically with villainy. Even more revealing is the fact that the manager, who begins as a whole-hearted Communist, gradually

deteriorates as a result of his affection for his light-headed wife. Love is again the serpent, the tempter. It lures its victim from the road of hard-headed, self-sacrificing service by means of soft divans, caresses and sentiment.

The latest production of the Moscow Art Theatre, *Bread*, by Vladimir Kirshon, contributes another of these standardized situations. The unworthy Communist Rayevsky, fresh from a visit to bourgeois Berlin, finds a natural ally, as well as lover, in the wife of the strait-laced Communist Mikhailov. Rayevsky is able to give Olga Mikhailov what she has been thirsting for—gallantries, attentions, theatricalities. Her husband loves her but is too busy fighting the kulaks to attend to her old-fashioned desires. He loses his wife, but the audience is assured that she is no great loss and that amorous triumphs are for decayed survivors of the old order and not for the strong, unbending builders of the new world. These stage Communists, in fact, come off badly in the affairs of the heart. They are too busy to cater to their lady loves, leaving them—except for the really new women, who do not need such attentions—to the sleek saboteurs, careerists and sons of kulaks. One of the most popular plays at the moment, *The Eccentric*, accounts itself by Soviet standards as possessing a happy ending. Yet its protagonist, the earnest eccentric, loses the woman he loves to the velvety villain.

The Moscow Art Theatre last year placed one of its characters, a Moscow medical student named Frol Sebastianov, in a cruel predicament. Frol had been sent to the university by his native village, which was greatly in need of a resident doctor. The years in Moscow gave him a taste of urban civilization and he was tempted to let the village shift for itself while he prospered in the city. His temptation was magnified by a love affair. The girl was a painter, ardent and worldly wise. She seemed to personify the life for which Frol thirsted. When she re-

ciprocated his love, life seemed about to broaden out for them into shameful contentment. But about half way through the last act the playwright succeeds in recalling Frol to the strait and narrow path of rectitude. He realizes that his duty is to devote himself to the cultural improvement of the village which paid for his education, while his sweetheart sees that it is her duty to devote her artistic talents to similar work among the proletarians of Moscow. And so they part, sacrificing love upon the altar of duty.

Duty always wins over romance and everything else in the Soviet morality plays. There is the notable scene in *The Bridge of Fire* at the Maly Theatre, which almost epitomizes this entire conception of personal feelings. The hero, a man who has passed through the ordeal of blood and fire in the civil wars, is now the director of a factory. He fights against spies and saboteurs as once he fought against White officers and foreign invaders. His one weakness is a growing absorption in his family life. The scene in question shows him at the bedside of his sick child, hovering between life and death. Just then the telephone rings and an excited voice announces that a fire has broken out in the factory. Does the distraught father think twice whether to remain with the endangered child or to rush off to the endangered building? Automatically he seizes hat and coat and runs to the factory. Even his wife, who was hurt by this behavior, manages before the last curtain to recognize her mistake.

Always the hero must choose between personal feelings—love, comfort, ambition—and his duty to the cause. Always he chooses duty as the red flags fly and a crimson sun or an enormous picture of Lenin or a cardboard cut-out of a giant Worker and a giant Peasant hand in hand rises in the background. But in any case duty is triumphant. With personal emotions thus subordinated, the task of dramatists, scenario writers and novelists

in the Soviet Union is not to be envied. Ury Libedinsky, one of the foremost "proletarian writers," was subjected to a storm of abuse recently upon the appearance of his novel *The Birth of a Hero*. He had made the fatal error of emphasizing the private emotions and complicated love affairs of his characters instead of limiting himself to a simple delineation of Communist duty well performed. The author soon enough publicly apologized for his breach of Soviet etiquette.

The only respectable themes for art in the Soviet Union are those dealing with the immediate national tasks in the simplest and clearest terms. Machines, tractors, electrification—these are the recognized heroes. Pity the writer who must extract drama from these metallic creatures. Yet they achieve amazing results. Victor Turin, a young movie director, went to the scene of a new railroad under construction and returned with a film, *Turk-Sib*, which throbs with life. He made the spectacle of man taming nature as exciting, as dynamic as no insipid love story can ever be. Another director did the same with the irrigation projects in Central Asia. The rescue of the parched land by man-made floods unfolds more thrillingly than any romance of a boy and a girl. But such productions are exceptions among the endless puerilities of the Soviet film trusts. Pictures with caterpillar tractors as their leading men can sometimes be quite as silly as those with brilliantined Hollywood Adonises. Standardized plays about Heroic Communists rescuing the Maiden in Distress—that means the factory or collective farm—from the clutches of villainous saboteurs or kulaks can be as empty as bedroom

farces. Yet it is to be suspected that the Russian public is sick of machine worship on screen and stage. Perhaps, being so close to machines all day, they want to escape them at night. Certainly, there is a rush to see American motion pictures whenever they are presented, although they are usually inferior cowboy or mounted Northwestern stories of an early vintage.

Recently a motion picture entitled *Spring* was shown in Moscow. To the crowded audience, chiefly workers, the title held out hopes of a human story. But there were no real human beings in it at all. The Spring that gave the picture its title was a time of opening new factories and organizing new collective farms, and the picture itself was a delirium of pistons, wheels, hammers, factory belts, farm machinery, photographically admirable but humanly blank. Half the audience left in loud disgust, and the other half remained to hiss. It was the first popular revolt I witnessed during three years of residence in Russia.

Already timid voices are being raised against the tractorization of the arts. It is even said that Stalin himself has expressed doubts of the wisdom of standardized machine-made entertainment. Sooner or later the Soviet leaders will understand that dull plays and dull books, with symbols instead of human characters, are not even good propaganda. When that happens, love will again have a place in the Russian arts, though it will be a different kind of love, for the cleavage between the Soviet Union and the surrounding world is wide and deep. Meanwhile, as reflected on stage and screen and in books, romantic love remains among the long list of "bourgeois prejudices."

The Growth of American Monopolies

By HARRY W. LAIDLER

Executive Director, League for Industrial Democracy

THE recent proposal by Gerard Swope, president of the General Electric Company, for a general trade association under Federal supervision calls attention once more to the rapid changes which are occurring in the organization of American business. Recent years have seen the greatest consolidation of business in American history. Does Mr. Swope's suggestion anticipate another step in our economic development which will take business still further from the traditional individualistic organization of a generation or two ago?

The United States experienced its first important period of business consolidation during the 1880s, the era which gave rise to the old Standard Oil Trust, the linseed oil, the sugar, the whisky and other combines. The passage of the famous Sherman anti-trust act in 1890 seemed to put an end to consolidation, but only momentarily, for with the defeat of William Jennings Bryan for the Presidency in 1896 a new era came to full bloom. The succeeding years saw the formation of United States Steel, heard the alarms of the muckrakers, the bitter denunciation of our "malefactors of great wealth" by President Roosevelt. The period ended with the Supreme Court's decision in the famous Northern Securities case, but by that time John Moody, in his *Truth About the Trusts* (1904), was able to

submit a list of over 300 combinations in the country, with a capitalization of over \$7,000,000,000. Ten of these corporations were capitalized at \$100,000,000 or over.

From 1904 to the World War many mergers were achieved, but the movement was less intense, less spectacular, more cautious in its nature. The European conflict distinctly encouraged big corporations to pool their interests for war purposes, while the Webb-Pomerene law of 1918 permitted many competitors to consolidate their exporting activities. The courts, meanwhile, looked on combination with a more kindly eye.

Immediately after the war the third major merger movement developed momentum and continued with breathtaking speed until the Wall Street crash of 1929. During this period over 7,000 mergers were reported in the manufacturing field alone. In public utilities the numbers of mergers increased from 22 in 1919 to over 1,000 in 1926, while in banking and in the field of distribution new combinations were reported almost every day. According to Dr. Gardiner C. Means, big business had developed to such an extent by 1927 that 200 non-financial corporations did 45 per cent of the non-financial business of the country.

In some respects the most unique of post-war development toward concentrated control has taken place in retail distribution. Just before the

Civil War, in 1859, George H. Hartford took control of Gilman's red-front spice and tea store in the downtown section of New York. Shortly afterward he started a store of his own, formed a chain known as the Great Atlantic and Pacific Tea Stores, and before his death in 1917 was the directing spirit of 3,200 red-front, spotless grocery units. The greatest increase in the number of these stores, however, took place after Hartford's death. Other members of the A. & P. family stepped in, and by 1931 had multiplied the number of stores to 16,000, with a combined business of over \$1,000,000,000 a year!

The A. & P. development has been followed by the Kroger chain, which increased its store outlets from 40 in 1902 to over 5,000 in 1930, and which now boasts of an annual business of over \$250,000,000. The chain store movement in groceries had, in fact, grown by 1927 to such proportions that in that year there were 878 grocery chains in existence, including in their scope 67,000 stores. In 1926 the United States Government made a census of the growth of chains in eleven representative cities throughout the nation, and concluded that in these cities more than two-fifths of the total grocery business was absorbed by chain grocery and delicatessen stores. The 5-and-10-cent chains, with Woolworth as the leader, do nearly 70 per cent of the business in the novelty line. Drug, tobacco, candy, department store and other chains have grown like mushrooms during the past decade. Today there are eleven of these chains, each with a business of over \$100,000,000 a year. Chains now take care of perhaps one-fifth of the retail business of the nation.

Twenty years ago the "money trust" was constantly denounced by many of America's foremost political leaders. As a result of financial concentration, declared Woodrow Wilson about that time, the United States had become "the most highly

controlled and dominated government in the civilized world." The late Robert M. La Follette, Senator from Wisconsin; Charles Lindbergh, Representative from Minnesota; Samuel Untermyer, a New York attorney and others held similar views. The power of the "money trust" was everywhere discussed. The famous report of the Pujo Committee in 1913 enumerated the activities of J. P. Morgan & Co. and of the other great banking houses of the country. As a result of its exposures legislation was enacted against interlocking directorates, while the Morgan partners resigned from scores of financial and industrial institutions. The establishment of the Federal Reserve System which followed in the same year aimed to decentralize credit control and to give greater stability to the financial structure of the country.

Despite the Federal Reserve System, however, financial concentration since the days of the Pujo Committee has gone ahead steadily. The number of banks, which reached a peak of 30,000 in 1921 (a 300 per cent increase over 1900), has since declined, through mergers and failures, to 23,000. In 1929 alone this number decreased by 1,100.

The great banks of the nation have grown beyond the wildest dreams of their founders. Through a series of spectacular mergers, the Chase National Bank, with resources in March, 1931, of over \$2,500,000,000, has become the largest bank in the world, even surpassing the Midland Bank of England. The National City Bank of New York and the Guaranty Trust Company of New York have passed the \$2,000,000,000 mark, while other financial giants have sprung up in various leading American cities. As a result of a decade of this concentration 1 per cent of the banks of the country control nearly one-half of the total bank resources, while twenty-four New York banks, about one-tenth of 1 per cent of the total, possess about 15 per cent of the bank re-

sources of the nation. The capitalization of these twenty-four banks equals that of the 20,000 country banks in cities of 10,000 population or less.

Banking concentration has shown itself not only in the growth of individual banks but in the development of chain banks, which, while maintaining separate corporate existences, are dominated by outside financiers and financial institutions. Two years ago the Economics Policy Commission of the American Bankers Association reported the existence of 273 chains, linking together over 1,800 banks with aggregate resources of over \$13,000,000,000—nearly a fifth of the total resources of the country's banks.

The chain-bank system constitutes a half-way step to branch banking. A fierce war is on at present in the banking fraternity to make it possible for large city banks to reach out with their branches to all the cities and villages included within their "trade areas." Controller of the Currency Pole is one of the advocates of "trade-area" branch banking. Meanwhile, branch banking has been rapidly extended. In 1900 only sixty branch banks were in existence in the United States, but by June, 1929, this number had increased to nearly 3,500. Two-thirds of these banks were within the city in which the main banks were located. In California, one of the States which permit State-wide banking, the Bank of Italy and the Bank of America of California run hundreds of branches in every part of the State. Branch banking, apparently, is still in its infancy.

The great private banks have lost no influence during this period. The House of Morgan has continued its affiliations with the enlarged Guaranty Trust, the Chase National, the National City Bank and other acknowledged leaders. It has continued as fiscal agent and close financial adviser of United States Steel, General Electric, American Telephone and Telegraph, and a host of other concerns. The House of Morgan has been

present at the birth of such young and powerful corporations as General Motors, Radio Corporation and International Telephone and Telegraph Company. During and after the war it coined untold millions as the fiscal agent of the Allies, and of late it has entered actively into the electrical, food and other such industries. It is likewise a dominant factor in the investment of American capital in foreign enterprises. Together with its financial allies, Lewis Corey declares, the House of Morgan is represented by directorship in corporations with net assets of approximately \$74,000,000,000, equal to more than one-quarter of all corporate assets. Numerous other private bankers and their affiliated investment companies and auxiliaries wield great influence over the financial and industrial structure.

Retail distribution and banking are being concentrated into ever fewer hands. These industries, however, have not as yet reached the monopoly stage. In one group of industries monopoly has always played its part—in the public utilities, which furnish the nation with telephone and telegraph services, with transportation, with light and water. In practically every instance a local monopoly exists in these services through franchises granted to the utility companies which have given them a free field to distribute their wares to the public, although in most instances under some sort of regulation.

Some of these utilities are obtaining a control which is national as well as local. Several years ago the Bell Telephone System reached the monopoly stage, and at the present time is probably the greatest private monopoly in any country in the world. With its assets of \$5,000,000,000 the company stands as the country's wealthiest corporation. Recent reports indicate that the Bell System, in which the American Telephone and Telegraph Company plays the most conspicuous part, owns three out of every four telephones in use and gets about

\$7 out of every \$8 paid to the industry. In the telegraph field the Western Union does over three-fourths of the business, with the Postal Telegraph, now a part of the International Telephone and Telegraph Company, taking care of practically all the remainder.

Control of wireless communication is largely vested in the Radio Corporation of America, the majority of whose stock is in the hands of the General Electric and the Westinghouse Companies. The Radio Corporation and the licensees from which it exacts royalties now manufacture about 95 per cent of the radio apparatus sold in interstate commerce. Its auxiliary organization, the R. C. A. Communications, dominates the field of point-to-point commercial wireless communications, while through the National Broadcasting Company the Radio Corporation controls twenty-eight of the forty clear air channels used for broadcasting purposes in the United States, and possesses more than twice the power of all independents and fourteen times as many cleared channels. The corporation owns a substantial interest in the Radio-Keith-Orpheum Corporation, and controls the Victor Talking Machine Company, its subsidiaries, the great Columbia Graphophone Company, and numerous other organizations supplying apparatus to the moving picture houses of the country and other lands. Numerous charges against this alleged monopoly have been brought to the courts for adjudication, but meanwhile the power of the Radio Corporation of America over radio and entertainment can hardly be exaggerated.

Another public utility—for radio approaches the field of utility—which has been consolidated recently on a national scale is the electrical industry. In 1929, the private banking houses of Morgan, Bonbright and Drexel formed the United Corporation. By March, 1931, this corporation had purchased over one-fourth of the stocks of the United Gas Improve-

ment Company of Philadelphia, over one-fifth of the voting control of the Niagara Hudson Power, producer of about 60 per cent of the electrical energy generated in New York State, nearly 18 per cent of the stocks of the chief New Jersey electrical utility and great blocks of shares in other Eastern utilities. This large investment trust, according to *The New York Times*, is destined to become "a sort of American Telephone and Telegraph Company for the electrical industry of the East." Rival groups exist—the Insull interests in the Middle West, the Harris, Forbes group, now controlled by the Chase National Bank, the United Founders, the North American group, the Mellon group. Today four great financial interests control a large majority—Governor Pinchot at the June, 1931, Conference of Governors estimated 95 per cent—of the electrical power of the nation.

In manufacture and in our natural resources, also, the old individualism is crumbling like a house of cards. The mere catalogue of the semi-monopolies is impressive. One corporation controlled by the Mellon family owns over nine-tenths of the bauxite resources, the raw material for aluminum, and controls the great proportion of aluminum utensils on the American market. Another corporation owns nine-tenths of the world's nickel resources, while still another controls a majority of the iron ore reserves in the United States. One corporation manufactures 50 per cent or over of our agricultural machinery, while most of the country's sugar is refined by a single corporation and its affiliates. Another supplies most of our sewing machines. The vast majority of our cash registers are manufactured by a single company. One corporation has a practical monopoly over the sleeping and parlor car service on the railroads of the United States.

Two corporations produce three out of every four automobiles made in the United States. In 1930, Ford was

responsible for 40 per cent of the machines; General Motors, for 35 per cent. Two corporations control 52 per cent of the country's steel capacity. Two corporations—General Electric and Westinghouse—produce the major part of electrical machinery. Two corporations virtually divide between them the work of making the country's locomotives, and two dominate the manufacture of passenger and freight cars. Two firms handle over 50 per cent of the meat entering interstate commerce; two practically monopolize the country's match business; two sold in 1930 nearly 86,000,000 cigarettes, or about two-thirds of the total supply. Three corporations dominate the rapidly expanding chemical business of the country; four own a majority of our copper reserves; four occupy most of the field in the rubber industry and will soon control about half of the oil-refining capacity of the country. Eight concerns, closely related with the railroads, control 80 per cent of the anthracite coal deposits. In the food industry a handful of corporations are supplying an increasing percentage of bread, of cereal, of milk and dairy products.

This development has given rise to various kinds of trusts. The vertical trust is familiar, typified by the United States Steel and the Ford Motor Company, with their control of the various operations in the industry from the mining of the ore and coal to the making of the finished product. General Motors is a good example of the horizontal trust. The last few years likewise have seen the rise of the circular trust. Formerly John Smith, salesman for the Postum Company, would visit a corner grocery store and try to place an order for Postum. The grocery man would be sorry, but he had all the Postum he wanted. Today John, salesman for the reorganized Postum Company, the General Foods Corporation, enters a grocery store. The manager may not want Postum, but the General Foods Corporation

also handles Sanka coffee, Maxwell House coffee, Jello, Minute tapioca, Swan Down cake flour, Satina, syrup and scores of other products. Surely a new supply of some of these products is needed.

Alongside this development of the \$1,000,000,000 corporations has been a considerably wider diffusion of stock ownership. Some economists have hailed this development as a step toward democratization of industry. Professor William Z. Ripley and others, however, have frequently pointed out that the wider the diffusion of stock ownership, the greater the concentration of control in the corporation's management. An owner of a large block of stock is likely to exert an active interest in the conduct of a corporation. Owners of one or two shares, on the other hand, do little more than sign their proxies and pass them over to the management, who thus become increasingly the masters of the situation. Concentration of control has been greatly fostered by the issuance of non-voting stocks to the public and the development of holding companies. The Federal Trade Commission has shown that the possession of \$1,000,000 worth of stock in a prominent electrical holding company was sufficient to control as much as \$370,000,000 worth of assets in underlying corporations. The recent merger movement has carried with it enlarged power of management over not only the investor but also the consumer, who increasingly finds himself buying what high-pressure salesmen and high-pressure advertising hammer into his consciousness. The control of labor by management has likewise been increasing. Professor Myron W. Watkins of New York University has explained that organized labor has no firm foothold in any of the great industries and that it is relatively weaker numerically and in militant vigor than before the war.

The movement toward monopoly has meant more research, better cost

accounting systems, greater scientific management. It has tended to stabilize prices, as has been demonstrated in the case of the United States Steel Corporation. It has not, however, tended to stabilize employment. Fluctuations in employment are decidedly greater in many of the larger corporations than they are in smaller firms, because large corporations refuse to adjust their prices to changing demands to the same extent as do their smaller competitors in industry. For one thing, where they control a major part of the business of an industry, they are not forced by competitive conditions to make rapid price changes.

The trend toward monopoly has reduced waste in production, but has failed to any marked degree to reduce waste in distribution and has often not succeeded in passing on the savings to the consumer. On the other hand, it has frequently meant great wealth to the inner group of corporate officials and owners and has accentuated the inequalities in our national life. It has failed to ensure a thorough utilization of industrial equipment and to bring security to the worker or to the business man. Wages have not been raised in proportion to the productivity of industry, and a balance has not been struck between our power to produce and our power to consume.

In the "muck-raking" era at the beginning of the twentieth century, the organization of every new trust and combine was the signal for a renewed "smash the trust" campaign. Today the man on the street has little faith that such a campaign will succeed. He points to the growth of the trusts during the last few decades, despite the existence of the various anti-trust laws. He cites the decisions of the Supreme Court in the Steel, International Harvester and other cases. He readily admits the tragic wastes accompanying the old competitive régime, but concludes with the Marx-

ian school that the movement toward combination has a sort of inevitability.

Some students of the problem regard Federal incorporation of the great combines and regulation, State and national, as the way out. Others, an increasing number, are pointing to the inadequacy of regulation and are urging public monopoly as the only sensible alternative to private monopoly. In fact, they maintain, the whole movement toward combination in the past few decades is making public ownership of industry technically far easier than in the past. It is no longer necessary to take over thousands of small, competitive concerns; with the elimination of such concerns having already taken place, it is necessary only to come to terms with a few large industrial units.

By separating ownership from management, the great corporation is compelled more and more to depend on other incentives than profits to secure maximum efficiency from its executives, many of whom would feel quite at home in a socialized industry. Finally, this trend in private industry has been accompanied by a trend toward efficiently run public industries of the type of the Port Authority of New York. Such public corporations are giving the people a new faith in the possibilities of eliminating government red tape from a community industry. Where will this trend toward the trust and combine take us? Time alone will tell. The last fifty years have carried us far away from the old individualistic moorings, never to return. If we wish to grapple with the industrial question of the day, we must wake up to the realities of our present industrial and financial controls, and to the dangers of industrial feudalism. And we must work out a constructive program that will make our great industrial units the servant, not the master, of the common man.

New Light on Ambassador Dumba's Recall

By JAMES F. J. ARCHIBALD

[Mr. Archibald is an author, dramatist and former war correspondent. He was with the British forces in the Sudan in 1899, and was with the Boer Army in the South African War. During the Russo-Japanese War he accompanied the Russian Army as the representative of *Collier's Weekly*. In 1910 he was with the French Army in Morocco; the next year he was with the Turkish Army at the time of the revolution in Albania, and soon afterward was in Lisbon to follow the course of the Portuguese Revolution. His career as a correspondent during the World War is described for the first time in the following article.]

I ONCE tried to stop a war and it ran over me. That was the World War. This particular event in my life, which is now described for the first time, was the cause of screaming headlines in practically every newspaper in Great Britain and America. Everything that could be said about one man was said about me at that time. I was accused of being a German spy by the British and of being a British spy by the Germans. I was accredited to the American Secret Service by the Austrians and considered in Austrian pay by the Department of Justice.

My arrest in 1915 by the British on the high seas while carrying a letter from the Austrian Ambassador in Washington to Foreign Minister Burian of Austria caused President Wilson to demand the recall of the Ambassador. And after all I was only a newspaper reporter trying to get the news.

At the beginning of the war it was

my firm desire to accompany the allied armies in the field, but since Richard Harding Davis and I were both going over for the Wheeler Syndicate and *Scribner's Magazine*, and Davis was the "star," he had the choice and took the allied side. Nothing was left for me but to join the German and Austrian forces.

When I sailed for Rotterdam I had accepted as truthful many of the propagandist statements as to the conditions I should encounter. I believed the stories of atrocities, of the cutting off of babies' hands, of starving Germans and retreating armies. So thoroughly was I convinced that I carried a trunk full of canned foods with me so that I should not starve also. When I arrived I was the laughing stock of every German who found that I had brought a food supply. During the first two years of the war the Germans had more food and better food at lower prices than we in America, even though we were not at war. There were more than forty official Americans—diplomats, attachés and correspondents—in Berlin during the first year of the war. We ran down every rumor we heard of atrocities. We hoped to find an authenticated case, but during the entire time not one of us ever found one.

When the war broke out, the Philadelphia *Public Ledger* requested me to write a series of daily dispatches to forecast events. I have before me a copy of the *Ledger* for Aug. 10, 1914, six days after England declared

NEW LIGHT ON AMBASSADOR DUMBA'S RECALL 211

war on Germany, in which I said, concerning the atrocities of war:

Every war that was ever fought has brought forth innumerable stories of cruelty and wanton destruction by the enemy. When reading war news it will be well for us to remember that the enemy, no matter who he is, will always cut babies' throats and tear infants from mothers' arms at the point of the bayonet. Old men and women are beaten, and farms are burned for the mere joy of the burning.

Probably there was no greater influence brought to bear upon the mind of the American people than the continued propaganda as to German atrocities. These reports were so apparently correct as to brook no denial. For instance, the report signed by James Bryce, former British Ambassador to the United States, citing apparently authentic cases, was widely published and had a great influence on the attitude of the American people. But it was not long after my arrival in Germany before I began to realize that these reports were most detrimental to our welfare, for they would eventually draw us into the conflict if they were allowed to stand—and I took it upon myself to try to tell the story of conditions as I found them. Yet for trying to be truthful I was immediately branded as pro-German. My dispatches, describing the situation at the moment in Germany, did not please the American publishers, who had obviously become convinced that the propaganda fed them was correct and that my accounts were biased. The result was that my dispatches were either changed in transit or not published at all. One morning I received a call from some officers of the German General Staff who showed me a dispatch under my name which was quite contrary to the one I had sent. My answer was that they look up the dispatch I actually sent and verify its authenticity.

As a remedy to this situation I asked them what rate they would allow me on the Telefunken wireless

then operating between Berlin and Sayville, L. I. The German authorities were so eager to have their story told that they gave me the use of the wireless station without cost, and I sent a long message on the true state of affairs. This message was never printed and caused my supposedly pro-German activities again to come into question when Captain Boy-Ed, German Naval Attaché, called upon the editors of a metropolitan newspaper and asked why the message was not published. The answer of this newspaper was my summary dismissal from its services in a short, concise dispatch which read: "Discontinue your services immediately on account of unfairness." From that time I represented only *Scribner's Magazine*, which could hardly be considered a news outlet.

I continued gathering information for many months and finally returned to America for a lecture tour of the country to endeavor to place my story before the American people. I was booked for twenty-five talks, but they were so successful that the tour was extended until I finally had given 215 in cities between Boston and San Francisco. After two nights of capacity performances in Hammerstein's Opera House in Philadelphia, where the reviews of the talks were carried on the first pages of the local papers, I was in my office in New York when an unidentified man of pleasing appearance called upon me.

"That was a mighty interesting talk you gave in Philadelphia last night," he said. "How many of them are you going to give?" I thought he was a manager contemplating booking one of them. I told him I was booked for twenty-five. He reached into his pocket and took out an official-size envelope, and as he threw back the flap of the envelope he disclosed a sheaf of bills of the largest denomination. "Well, there's fifty thousand," he said as he threw it down in front of me, "if you don't lecture again." In my amazement I

looked at him and said, using the slang phrase, "Come again." "Yes, we will come again with the same amount," he said very seriously, "if you will continue to lecture, but talk as we want you to." I refused the offer, and never discovered whom this affluent individual represented.

During the following months I continued my tour of the country. When I announced that I was returning to Germany for more material, attempts were made by unknown people to dissuade me from going again to the theatre of war.

Shortly before I sailed I was invited to a dinner at the Ritz-Carlton in New York by Ambassador Bernstorff, who was acting as host to Ambassador Dumba in honor of the anniversary of the birth of Emperor Franz Josef. It was here that for the first time I met Captain von Papen and Captain Boy-Ed. I was sailing two days later. During the dinner Ambassador Bernstorff asked me if I would take a small gift to Countess Bernstorff, who was then in Berlin. Immediately Prince Hatzfeldt, an attaché of the German Embassy, also said that he would like to send a gift to his father, the Duke of Trachenberg. Upon my acceptance of this small mission they said that they would call at Tiffany's the following day and send some small articles for me to carry. Captain von Papen then said that if I did not find it too inconvenient he would like to send a small gift to his wife.

The packages from Bernstorff and Hatzfeldt were at my hotel the next morning. Both were unsealed. Just as I was about to leave the hotel for the dock a small package arrived, about two by three inches, addressed to Frau von Papen at her residence in Berlin. This package, however, was sealed. I thought nothing of it and dropped it into my bag.

Sailing conditions were such that none of the visitors of the passengers was permitted to go on board the Rotterdam and all the adieus had to be

made on the wharf before going aboard ship. The bedlam on the pier was terrific. A band was playing, and the excited farewells caused considerable noise. While I was standing with my wife and a small group of friends, Baron de Hedry, the Fourth Secretary of the Austrian Embassy, arrived and sought me out. In a piping falsetto voice which was heard by my secretary some forty feet away, Baron de Hedry addressed me. "Mr. Archibald, the Austrian Ambassador wishes to know if you will please present this note to Baron Burian, the Foreign Minister in Vienna. Please give it to him personally; it is very important." It was a small letter on lady's size stationery of the St. Regis Hotel—not a bulky one, just a thin note of one sheet of paper, but sealed. As I had known Baron Burian for many years before the war and had been a guest at his home, I thought nothing of this request which had been made so unofficially and in such an off-hand manner. "Surely, de Hedry," I replied, and put the note in my pocket. The lack of secrecy in handing me this note before all onlookers was sufficiently disarming to prevent even a thought of attaching any importance to it, but the contents of that note eventually disturbed the peace of the world.

All went well on the voyage, which was without incident, until we arrived at a point about eight hours off the western end of the English Channel. I was on deck this particular morning when I saw a British warship bearing down upon us. Rushing down to my cabin to get my camera and calling to my wife to come and see the warship, I got back just as the vessel drew very near, bearing directly toward us. She fired a shot across the bow of the Rotterdam as a signal to heave to. Then she slowly encircled the liner and stopped her engines a few yards away. A megaphoned voice came from the bridge of the cruiser: "Have you a passenger named Archibald on board?" I had been paged at the Ritz

NEW LIGHT ON AMBASSADOR DUMBA'S RECALL 213

and the Waldorf and the New Willard, and many other places, but this was certainly a novel experience—to be paged on the high seas. The commander of the Dutch liner answered that there was such a passenger on board, and the orders came back from the warship to follow her into Falmouth and anchor.

Holland was in a peculiarly difficult position during the war. She was endeavoring to maintain her neutrality against the most untoward diplomatic influences from all sides, and all her diplomatic corps and commercial officials had been ordered to continue that endeavor. Therefore, the Dutch skipper followed instructions, which were entirely against all usages of international law, moved into the harbor and dropped anchor.

Immediately a boarding party came aboard and requested to see me. The officer in command asked me if I was carrying any letters to Germany. Having nothing which I considered I should conceal, I told him that I had. He asked if he might see them. I turned over the entire lot to him. They were obviously looking for the note from Ambassador Dumba.

One might have thought from the dispatches of the moment that the entire war rested upon my capture, though personally I made no objection to the arrest because a war correspondent becomes part and parcel of the army he accompanies and is definitely subjected by international law to all the articles of war during the campaign. If the British had captured me in the field, there would have been no question as to their rights, but it meant nothing to them that I was an American citizen traveling on a neutral ship from a neutral port to a neutral port under the protection of an American passport.

I was taken ashore by the arresting party at Falmouth. The officer commanding the guard detail took me to the small town jail and turned me over to the inspector of the constabulary. I objected to being held by

the civil police on the grounds that I was a prisoner of war and therefore a military prisoner. The commanding officer who arrested me on the Rotterdam was politely apologetic and explained that he had made this arrangement really for my own convenience. The military camp was several miles out in the country and if I went there, which he acknowledged was my privilege, I would be out of communication with London. I had already demanded to be allowed to communicate with the American Ambassador.

It was not difficult to see that it would be better to be in town, so I remained at the little jail. The constabulary inspector gave a receipt for me and was responsible for my safe keeping. He asked me to give my word, which I did, that I would not attempt to escape, and from that moment I was treated more as an honored guest than as a prisoner.

The inspector took me to the post-office, where I telephoned the American Ambassador in London. He was not at the embassy, but I was able to reach my friend of many years, General George O. Squires, the Military Attaché of the embassy, to whom I explained the situation. After pretending to treat it as a joke, he listened to my request that certain people in Washington be notified. Then followed a long day of waiting for some inkling of the fate in store for me. I had visions of the Tower of London and of all my possible predecessors, from Mary Queen of Scots down. What I really feared was that I would be interred for the duration of the war if my messages to Washington did not bring results.

As the expected word from the embassy did not come, I slept that night in the town jail. In the morning I was awakened and handed an official telegram, which the inspector told me to keep as a pass in case of difficulty. It read: "Release Mr. Archibald instantly and facilitate his journey to Ramsgate, where the Rotterdam will

be held for him. Ask Mr. Archibald to report to the Admiralty offices at Ramsgate for transportation to his ship and ask him to make the journey as quickly as convenient so as not to inconvenience the ship more than is necessary."

I made my journey to London alone and there took a train to Ramsgate. At the Admiralty I found a seagoing navy launch awaiting me and we steamed out fifteen miles to the Rotterdam. As I went aboard, the English naval officer in command of the launch called up to the Dutch skipper, "Your anchor is free, sir, you may sail." The captain of the Rotterdam was frankly sympathetic to me in my troubles, but I was about as popular with the delayed passengers as the proverbial skunk at the garden party.

Upon my arrival at The Hague the American Minister, Dr. van Dyke, informed me that President Wilson had ordered my passport to be canceled. Dr. van Dyke treated me with the greatest courtesy and consideration, informing me that the cancellation of my passport did not mean that I must return to America. In fact, he advised me not to do so, as I would probably be—I have forgotten whether he insinuated hanged, drawn or quartered. He suggested that I remain in Holland until the war was at an end and said that the real reason for my passport cancellation was to prevent my continuing to Germany and Austria.

I called upon the German Minister to Holland, von Mueller, and told him of the turn of events that would prevent my continuing my journey. "But you do not need an American passport," the diplomat told me; "I will issue you an Imperial passport and you may cross the border whenever you wish." I thanked the Minister, but told him that such a procedure would be impossible as it would be misunderstood by my own government. To this argument he agreed. The small gifts which I was carrying had all been returned to me by the British and I handed them to him to be forwarded

to the Countess Bernstorff and the Duke of Trachenberg.

Then I booked a return passage on the Rotterdam with the view of going directly to Washington and putting the whole matter straight. George B. McClellan, former Mayor of New York, was a passenger on the ship, and offered me his friendly assistance. While still in Rotterdam I was deluged with requests from the newspapers of America for my story, and on the way across wireless messages were received every day asking me to tell it. On the advice of Mr. McClellan I made no statement whatever.

As we subsequently found, the little sealed note which was sent to me by Ambassador Dumba was the cause of his recall. The "gift package" which Captain von Papen gave me to carry to his wife, also sealed, turned out to be a solidly typewritten cipher dispatch to his government. It was in this dispatch that von Papen wrote his famous description of "those idiotic Yankees." As soon as the British took these dispatches the Dumba note was translated and the von Papen dispatch decoded and both were turned over to the proper authorities. Ambassador Bernstorff made a statement to the press that he sent no messages by me because he did not consider me "safe."

The New York Evening Post published a two-column dispatch from its Washington correspondent on Sept. 8, 1915, headed "Wilson's Interest in Case of Dr. Dumba." This dispatch went into great detail regarding the unprecedented action of the President's personally carrying the copy of the note written by Ambassador Dumba, which was taken from me by the British, to the Secretary of State.

The Dumba letter which is now so famous told of the strikes which the Ambassador hoped to instigate in American munition plants and sought official sanction from the Ministry at Vienna. On Sept. 10 President Wilson in a note signed by Secretary Lansing demanded the recall of Ambassador Dumba.

NEW LIGHT ON AMBASSADOR DUMBA'S RECALL 215

Ambassador Dumba wrote in reply to President Wilson's request for his dismissal by his government:

In your message to my government your Excellency says in effect, among other things to which I beg to take exception, that I confess having conspired to bring about strikes in the American munition works. The Austro-Hungarian Ambassador is and has been for many months past in the phenomenal position of being unable to communicate privately with his government, although our enemies are and have been permitted freely to use the cables for their secret code dispatches without censorship. I have not even been allowed to advise my government that I do not admit of having conspired to any act in violation of the laws of the country to which I am accredited.

In President Wilson's request for the recall of Ambassador Dumba he said: "By reason of a flagrant violation of diplomatic propriety in employing an American citizen protected by an American passport as a secret bearer of official dispatches through the lines of the enemy of Austria-Hungary." But I was not at any time going through the enemy's lines. I was on a neutral ship going from a neutral port to a neutral port, and at no time was I to cross the enemy's lines. That I was "protected" by an American passport was disproved by the fact that my government allowed me to be taken at sea from this neutral ship by the British without protest. At the time an American passport was just about as much protection as a last week's street car transfer slip.

As to carrying letters during wartime, there was probably not a single person who crossed the Atlantic at that time who did not carry a message or letter for some one of his friends. On one occasion when I left Berlin to return to America I carried letters and packages for Ambassador and Mrs. Gerard and several attachés in exactly the same friendly spirit.

In President Wilson's Cabinet at

that time I had two very good friends —Franklin K. Lane, a lifelong Californian friend, and Secretary of War Garrison. They both told me that my case was fully discussed and occupied an entire Cabinet meeting after my return. Some of the members begged President Wilson to announce to the world that what I was doing was perfectly understood by certain officials, but he steadfastly refused to do so. The Department of Justice, under Alexander B. Bielaski, and the Bureau of Public Information, under George Creel, both issued many statements and much adverse propaganda regarding my case. Neither of these men nor either of their departments knew anything of my real activities. Assistant Secretary of State Polk was also extremely active against me. He also was in total ignorance of anything I was doing. My work was intended purely for the benefit of the American people and I carried it on in a loyal manner. Frank Hogan called upon Secretary of State Lansing many times and demanded that he make a statement as to the truth of their findings; evidently President Wilson would not allow him to do so.

Following the episode of the Dumba note, *The Providence Journal*, under the editorship of John R. Rathom, published a fantastic story of my having carried a gold headed cane filled with cipher dispatches. Some years afterward my friend, Jimmie Garrison, who at the time was a writer on *The Providence Journal*, told me that he had invented and written the entire story at the request of Rathom, who was afterward proved to be a paid British propagandist.

From that day I have never heard anything more from the State Department regarding my participation in the historic "Dumba incident." And the incident was closed in that manner.

The United States Marine Corps

By JOHN A. LEJEUNE

Major General, United States Marine Corps, Retired

WHEN dispatches from the stricken city of Belize in British Honduras, following the hurricane and tidal wave of Sept. 10, 1931, announced that American marines and sailors had assumed the enforcement of martial law in the city, another chapter was about to be written in the history of the United States Marine Corps. For the second time within six months the marines were called upon to play the part of the "good Samaritan" in Central America. In April, 1931, after a disastrous earthquake in Managua, the capital of Nicaragua, marines took control of the city, aiding the injured, superintending relief measures and guarding property. But this sort of work was not new to the Marine Corps, which, through more than a century and a half of life, has fought on land and sea, protected American lives and property at home and abroad and at all times has been available to serve American interests in whatever emergency might arise. And as the marines sing of themselves:

From the Halls of Montezuma to the

sands of Tripoli

We've fought our country's battles on the
land and on the sea.

From the days of Greece, of Carthage and Rome down to the present there have always been soldiers, marines if you like, aboard fighting ships. The vessels of the Invincible Armada carried in addition to regular soldiers certain men who were in a sense marines, although perhaps not recruited solely for service with the

fleet. In 1665 England established by an order in council "The Regiment of Marines," recruited specifically for service with the navy. This regiment was the forerunner of the present famous Royal Marines.

The Royal Marines soon became well known in the American Colonies and in 1740 three regiments were raised in America for service with the British fleet. The officers, except the company officers, who were nominated by the colonies or provinces, were appointed by the Crown. A generation later, when the Colonies were about to slip from royal control, the Continental Congress provided for the formation of two battalions of marines, modeled on the familiar British Marines in which the colonists had served. From the date of the Congressional resolution, Nov. 10, 1775, until the present, except for one brief period, the history of the Marine Corps has been continuous.

In the strict sense a marine is neither a soldier nor a sailor. Rudyard Kipling calls the English marine "a soldier and a sailor, too," which is perhaps as satisfactory a definition as any. Actually the marine is a sea-going soldier whose purpose under the present naval policy of the United States is "to support the fleet or any part thereof in the accomplishment of its mission." The language of the marine is nautical—a kitchen is a galley, midnight or noon is eight bells, right and left are starboard and port, front or back is forward or aft. But his uniform is more military than naval.

From the time of its establishment

the Marine Corps has formed an integral part of the naval service, but it is in itself a complete military and administrative organization. Although under the general direction of the Secretary of the Navy, the corps is actually administered by a Major General commandant whose headquarters, including his three staff departments, is at Washington. The size of the corps has varied from a handful of men in the period of the Revolution to its maximum in the World War, when 31,824 marines served in Europe with the American Expeditionary Force. At the present time the corps contains approximately 17,000 men and 1,249 officers, with a reserve of 415 officers and 8,300 men.

The duties of the Marine Corps are so varied that any exact classification is difficult. Marines are to be found guarding navy yards, naval bases and naval utilities at home and abroad; they have acted as guards for American legations in foreign countries and have maintained stations for the corps's own administrative and training purposes. Marines have participated in landing forces in foreign countries to protect American lives, properties and interests. For instance, marines were in the famous expedition to relieve the foreign legations at Peiping during the Boxer Rebellion. Frequently, as in the case of the Caribbean republics, marines are sent to restore order and maintain peace in times of internal disturbance in various nations. And, as their very name indicates, marines are serving constantly on board the vessels of the fleet and as expeditionary forces with the navy in time of war. Small wonder that the marines feel entitled to sing:

If the army and the navy ever look on heaven's scenes,
They will find the streets are guarded by
United States marines.

The nature of the Marine Corps is such that its history is woven, often inextricably, with that of the army

and navy. Nevertheless certain chapters may be considered as specifically the marines' own. Their actual work during the Revolution, while important, was always shared with the other arms of the service. At the end of the war the corps was disbanded and was not re-established until July 11, 1798, when an act was passed "for the establishing and organizing a 'Marine Corps.' "

Now began one of the glorious periods of the corps's history. In 1801 the United States, finding itself at war with the Bey of Tripoli, sent a squadron to the Mediterranean. The war continued in a desultory fashion until 1803, when the Philadelphia was captured by the Tripolitans and moored in the harbor of Tripoli. In the famous assault upon the Philadelphia, led by Stephen Decatur, a group of marines was present to assist in the destruction of the former American vessel. One incident of the war is often forgotten. A land expedition against Tripoli was organized by General William Eaton in Cairo and led across the Desert of Barca to the city of Derne, on the Mediterranean. In his expedition were six privates of the Marine Corps, under the command of Lieutenant P. N. O'Bannon. Eaton and his motley army reached Derne on April 26, 1805, and the next day Lieutenant O'Bannon led the assault against the city. The Tripolitans were easily defeated, and O'Bannon raised the American flag, for the first time, over an Old World fortress.

The marines were active throughout the War of 1812, but distinguished themselves especially at the Battle of Bladensburg, which preceded the British capture of Washington. As a whole, the Battle of Bladensburg—the "Bladensburg Races" it was called by the wits of the day—is one of the most humiliating episodes in American military annals, but the marines and sailors under Captain Joshua Barney attempted to save the capital and American honor. With the militia in headlong flight almost

as soon as the British troops appeared on the field, Barney and his men held their ground until forced to retreat to escape annihilation.

During the following years the Marines were to be found in all parts of the world, fighting pirates in Sumatra, protecting the legation at Montevideo or quelling riots in American cities. During the war with Mexico in 1846-48 the marines participated in naval operations and were attached to the expedition of General Scott against Mexico City. Because the marines were with the division which was accorded the honor of first entering the Castle of Chapultepec and raising the American flag, the colors of the corps were afterward inscribed with the motto: "From Tripoli to the Halls of the Montezumas."

The Marine Corps, largely composed of Southerners, like the army and navy, was somewhat disorganized at the beginning of the Civil War. Soon it was re-established on its former efficient basis. At the capture of New Orleans by Farragut in 1862 marines held the city until the arrival of regular troops as reinforcement, and throughout the war, at all the important engagements in which the navy took part, marines were present—at Port Hudson, Mobile Bay and Fort Fisher. After the war Admiral Farragut declared that "the marine guard is one of the great essentials of a man-of-war." But the end of the war brought no cessation of the activities of the Marine Corps. Marines were in the Orient, guarding property after the fire at Portland, Me., acting against riotous strikers in the labor troubles in 1877 or ashore on the Isthmus of Panama to prevent interference with the operation of the trans-Isthmian railway line.

With the turn of the century and the emergence of the United States as a world power, the marines began to play an important part in the carrying out of the nation's foreign policies. When revolutions flared up in the

Caribbean countries, the marines were sent many times to restore order or to guard American lives and property. The landing of the marines in Panama, Santo Domingo, Haiti, Nicaragua or at Vera Cruz was all part of the foreign policy then adopted by the United States.

One instance of this intervention of the marines in the affairs of a "backward" nation may be taken as typical of this work of the corps. The Negro republic of Haiti for generations had been wracked by revolution until by 1915 the island seemed likely to lapse into barbarism. Irrigation work had decayed until agriculture was greatly hampered, foreign trade had declined and the foreign debt of the republic was constantly increasing. As a result of continuous political mismanagement the islanders were sinking into a miserable state which could be best characterized by two words—poverty and disease. In 1915, when the revolution again broke out, the President of the republic was dragged from the French Legation where he had sought refuge and murdered by a mob. Almost immediately United States marines and sailors landed at Port au Prince, the capital, and assumed control of the city.

In 1916 a treaty was signed between the United States and Haiti providing for American assistance in the restoration of prosperity and stability in the island. This treaty, which was to run for ten years, was extended for a like period in 1925. Since that July day in 1915 when the marines landed at Port au Prince the corps has been in control of the country. Under its direction and supervision a native gendarmerie has been trained and is now the military and police force of Haiti. Under the general supervision of the United States High Commissioner—a marine—a sanitary revolution has been effected in Haiti, an excellent system of roads has been constructed, as well as many public buildings and other public works. With

civilian financial advisers the Haitian debt was reduced from \$31,000,000 in 1915 to less than \$20,000,000 in 1927, while the general financial condition of the country has been rehabilitated. Whatever may be the individual's position on American intervention in the affairs of other States, one must credit to the marines who are sent out for such work much praise for their successful efforts toward the betterment of the people.

Although the marines have taken a prominent part in every war in which the United States has been engaged, they distinguished themselves especially in the World War. During the concluding months of the war the marines' record for gallantry made their name a household word throughout the world. Perhaps the most famous engagement in which they participated was the fighting at Belleau Wood, near Château-Thierry, in June, 1918. The German position here was strongly held, but the Fourth Marine Brigade, which was part of the Second Division of the American Expeditionary Force, attacked so valiantly and consistently that in spite

of terrific casualties the wood was finally taken. This success, although classified as a minor operation, came at a time when any allied advance on the western front was certain to have a profound psychological effect upon the allied armies and nations. In recognition of the brilliant achievement of the marines the French Government ordered the name of the wood changed to *Bois de la Brigade de Marine*. As a result of the many instances of conspicuous gallantry during the war the marines won many mentions and decorations.

There is little romance in the story of the Marine Corps, but rather chapter after chapter of hard work which has won only the reward that comes from the realization of a hard job well done. In the century and more of the corps's history there have been citations from Admirals and Generals as to the value of the marines in time of war and in time of peace, but to most members of the corps all fulsome citations can be forgotten in the general understanding that the marines have been worthy of their watchword—“*Semper Fidelis*.”

Decline of Organized Labor in America

By V. F. CALVERTON

Editor, The Modern Quarterly

THE American labor movement today, helpless in the face of the present depression, is at its lowest ebb. The American Federation of Labor has suffered a decline in membership. Despite the fact that it is largely made up of skilled labor, unemployment has struck its affiliates almost as hard as it has the unskilled workers. In June, 1929, less than 10 per cent of its membership was unemployed; in June, 1930, over 20 per cent was without work, ranging from 7 per cent in the printing trades to 37 per cent in the building trades. At the present time the percentage is much larger. The Amalgamated Clothing Workers' Union has also a great number out of work. The Communists have made little headway in organizing new unions or in transforming the old. Nor is the Conference for Progressive Labor Action any more successful with its campaign for dual unions. The union movement in America, for the time being at least, is paralyzed.

Although the first and most obvious cause of this condition of affairs is the current economic depression, the American labor movement was already going downhill. The A. F. of L., for example, had decreased in membership from 4,078,740 in 1920 to 2,865,979 in 1924. Although 1920 was a boom year for the labor movement, the decline that followed was not due to the subsidence of the boom, but to other forces which developed in America in the last decade.

What has been commonly known as the Second Industrial, or Technological, Revolution has profoundly affected American workers and their trade unions. The whole company union movement, a paternalistic attempt to persuade the worker that his interests are identical with those of the employer, gained momentum in the 1920s, and was a direct outgrowth of this change. In fact, the development of the company union movement in the mid-twenties assumed such sweeping proportions that the trade unions were put upon the defensive. It was at that time, at the peak of the prosperity curve, that even the radicals were talking about the "bourgeoisification" of the American working class.

Another important factor in the decline of the American labor movement has been the failure of the American Federation of Labor to meet the exigencies of present-day economic organization, in which workers are dealt with as parts of an industrial unit, not as members of different crafts. This became most obvious in the failure of the A. F. of L. to organize the automobile industry. It should be added also that the growth of bureaucratic administration of the unions has made it impossible for the American labor movement to adapt itself to changing conditions.

The effect of the technological developments of modern industry upon the position of the worker and

the labor movement in general can scarcely be exaggerated. To begin with, the increase in production per worker, expedited by newly created efficiency experts and industrial engineers, has displaced far more workers than the resultant increase in production has absorbed elsewhere. In the boot and shoe industry, for instance, 100 machines have replaced 25,000 men; in the automobile industry, one alteration in the manufacture of automobile frames has permitted 200 men to do the work of 2,000. A machine has been invented which can make 73,000 electric light bulbs in twenty-four hours; before its invention in 1918, an individual worker spent a whole day making forty. A machine has now been contrived which can make 32,000 razor blades in the same time that one man formerly produced 500. In the glass bottle industry, an automatic glass blower can turn out as many bottles in one hour as forty workers. In loading pig iron, two laborers accomplish today the same work that a few years ago required 128 men.

But all these changes would not be so significant were it not for their definite effect upon the condition of labor and upon the labor movement. The insecurity of the worker is so intensified by this increased efficiency that at present any change may threaten his very means of livelihood. This is borne out by the statistics of employment in the United States since the World War. The number of persons employed between 1919 and 1927 decreased instead of increased, despite the steady increase in population. In 1919 there were 13,649,000 persons employed in manufacturing, mining and in railway transportation; eight years later the number had decreased to 12,655,000. In agriculture the 11,300,000 workers employed in 1919 were reduced, largely by virtue of labor-saving machinery, to 10,400,000 in 1927. At the same time the output per worker in both industry and agriculture increased. The con-

dition of the worker was rendered even more precarious by the fact that during that same period the population of the country increased 14,000,000. As a result of the rationalization, or speeding-up, of production, the American worker has come to feel himself more of a robot than an individual, and his characteristic individualism is rapidly disappearing. He is shedding his old belief that he was master of his economic fate and captain of his individual soul.

That change in the psychology of the American worker, it might be thought at first glance, should tend to strengthen rather than weaken the American labor movement. A decrease in the individualism of the worker, a loss of faith in his ability to live independently of his class, or even to climb out of that class, should result in a strengthening of collectivistic tendencies. That is, he might be thought to feel that his success was dependent more upon his class than upon himself as an individual.

But such has not been the case. The reason is rooted in American tradition. The American Federation of Labor, in contrast with European labor organizations, has been individualistic in character. It has stressed the importance of the individual rather than the importance of the class to which the individual belongs. It has been more interested in elevating groups of individuals within that class than in the class as a whole. Concentrating its effort upon the organization of skilled workers, it has neglected that much vaster army of unskilled laborers. Its craft union policy has been but another expression of its individualistic emphasis. Its practice of racial discrimination, in the case of the Negro, has also militated against any approach to collective unity on the part of the proletariat. More than that, its definite acceptance of the individualistic status quo, and its all-consuming concern for higher wages and shorter hours to the exclusion of any form of

social idealism, have been a direct reflection of American psychology before the last decade. European labor movements, on the other hand, have never adopted this individualistic logic. Their programs have been built about a broader social plan.

Many students of American labor have attributed the difference to the conservative leadership of our unions. While this has undoubtedly been the case, the difference itself goes much deeper. The continuance of any leadership is largely contingent upon the ideas of those who are being led. The American workers have had an outlook very different from that in European countries.

The philosophy of modern individualism, which made the individual feel that he and not society controlled his destiny, became rooted in the American labor movement. It developed with the Renaissance, however, and made headway in Europe long before it reached America. Modern individualism went through two stages, a middle-class and a proletarian stage. Middle-class individualism, which favored only the members of its own stratum, was a direct outgrowth of the Renaissance and of the development of mercantile economy. In the case of the proletarian the individualistic spirit ran through the lowest ranks of society. America is the only country in which proletarian individualism gained a foothold—the only country in which unskilled workers felt the impact of this gospel. Consequently, the European labor movement developed unlike the American.

It was in the period which marked the change from a mercantile to an industrial economy that inventions multiplied rapidly and society took on an unprecedented fluidity. Then could the worker hope to rise above his class and become an employer or capitalist. The cost of machinery at that time was so low and money so easily borrowed that men plunged into new enterprises with the enthusiasm of young pioneers. The mer-

chant class could not monopolize all the potentialities of the new production. The field of advance was open to all comers. Workers as well as merchants rushed in and while one succeeded where ten failed, the chance was there for almost every one who would undertake the risk.

The economic world offered opportunities for the individual regardless of class or rank—or at least opportunities that came as close to that condition as society could ever provide. The status of employer was within reach of the proletarian as well as of the merchant. The required investment was little, only the necessary initiative was great. Hundreds of workers became capitalists within a short space of years. As J. L. Hammond and Barbara Hammond have shown, "the men who pressed in were spinners, weavers, apprentices, any one who could borrow a little money and was prepared to work like a slave and live like a slave master."

In such a state of flux, class lines naturally lost their rigidity. While most workers became wage slaves instead of employers, the possibility of advance and escape was enough to instil even the proletariat with an individualistic spirit. This proletarian individualism, encouraging workers in the belief that by virtue of personal initiative they could become employers, lasted until the period of transition had passed—that is, until industry had advanced, machinery become more costly, and class lines established again. Then it ended.

The meaning of all this to the American labor movement should be clear. In Europe this transitional period was comparatively short. In America, however, it was drawn out and extended. The geographical extent, alone, of the country prolonged the process over the larger part of the nineteenth century. With the coming of the modern means of transportation, industry was able to spread. The frontier, ever moving further and further west and opening up new

DECLINE OF ORGANIZED LABOR IN AMERICA 223

possibilities as it advanced, provided a psychological as well as an economic outlet for the expanding populations of the cities. Because this transitional period in America lasted so many years, the American mind, or more precisely, the mind of the masses, followed a different pattern from that of the European. As long as a condition of social fluidity prevailed, which made it possible for workers to become employers, individualism was bound to dominate the mind of the worker as well as that of the merchant and manufacturer. As that condition changes, and the possibility of workers becoming employers is practically ended (as in America today), belief in the philosophy of proletarian individualism can no longer prevail.

As we have already shown, the present decay of the American labor movement can be traced immediately to this change. The change itself, to be sure, was connected with the technological revolution, which hastened the destruction of the worker's belief in his own opportunities as an individual. The period of prosperity which preceded the present depression was thus a double-edged sword. While in one way it encouraged individualism on the part of the worker, in another it prepared the way for the destruction of that individualism. Not only did the rationalization of production reduce the worker to a robot, but it also made unemployment chronic. From 1926 until the time of the Wall Street crash, conferences were being held throughout the United States in an attempt to devise measures to meet the unemployment problem which we could not longer escape.

It was this problem, existent before the current depression, that prepared the way for the change in psychology of the American worker. That many were becoming aware of the economic passing of proletarian individualism was evidenced by the extreme concern for ways and means of dealing with a situation in which it was agreed individualism could not survive. Since 1915 more than fifteen bills concerned with unemployment insurance have been introduced into various Legislatures. None of them has been successful, but the importance of the tendency is not lessened by this lack of success. The significant fact that they all reveal is the necessity of social action to protect the individual. Today with over 6,000,000 persons out of work, this need has become far more imperative.

While a period of extended unemployment, such as we now face, is not one in which trade unions grow and strengthen, it is one in which the American worker is beginning to think of himself along mass instead of individualistic lines. This tendency will increase with the disappearance of individualism as a psychological as well as an economic force. As a result the American labor movement in the next decade is bound to move in a different direction. It will probably increase in size. In America in 1928 there were less than 7,000,000 trade union members, while in Germany, whose population is half our own, there were almost 6,000,000. Present social developments are of such character that one may predict a labor movement along mass or class lines, similar to those found today in Germany and Great Britain.

The Evangelist in Present-Day America

By CHARLES STELZLE

Author, "American Social and Religious Conditions"

EVANGELISM at one time was a potent force in American life; today it is rarely taken seriously by sophisticated adults. What are the factors that have brought about the change? Have Americans grown above that depravity from which evangelistic effort alone can save them?

In New York City conditions a century ago were perhaps worse than they are today. With a population of something over 100,000, there were 1,500 licensed retail liquor dealers. According to a report of the Missionary Society for the Poor of New York and Vicinity, not less than 6,000 "abandoned females" walked the streets, and in the Seventh Ward, poor and beggared beyond description, there were 250 saloons. Sunday had become to some people of this neighborhood a period of drunkenness. Thousands of others ferried over at Corlear's Hook for a day of pleasure on Long Island, the Coney Island of the time. Ignorance and wretchedness were common.

In the 1830s, in the very heart of this iniquitous New York, the famous evangelist Charles G. Finney began a religious revival which spread like wild-fire over the entire nation. Finney, trained as a lawyer, had himself undergone conversion only after reaching adulthood, for the preaching he had heard had not appealed to him. Even then he found himself

out of sympathy with much that stood for religion in his day. He began preaching in his own way, somewhat in the manner of the fire and brimstone divines of seventeenth century New England Puritanism. His congregations frequently fell flat on their faces, convinced of their sinfulness as Finney thundered the Law of God with the rhetorical flourish of a lawyer at the bar. During his campaign in Rochester 100,000 converts are said to have connected themselves with various churches, a movement "unparalleled in the history of the Church and of the progress of religion."

Finney's preaching stirred up opposition as well as support. When the Broadway Tabernacle in New York City was being erected for him, someone set fire to the building, and apparently the firemen agreed with his opponents, for they refused to extinguish the blaze.

It is a far cry from Finney to Dwight L. Moody, but these two men stand out like mountain peaks in the evangelistic field of America. There was a radical difference in their preaching. While the former emphasized the "Law of God," Moody stressed the "Love of God." Instead of falling down upon the ground and crying out to God for mercy, Moody's audiences came forward with tears in their eyes and with smiles upon their faces. "Love" was the keynote

in the great Moody and Sankey evangelistic campaigns conducted in America shortly after the Civil War. There is no doubt that conversions under Moody far exceeded those during Finney's heyday. It is also true that Anglo-Saxon countries are dotted with churches and institutions for the building up of the community life which grew out of Moody's campaigns.

However, there is one striking similarity between Finney and Moody; they soon discovered that the weakness in their work was the apathy of members of the church. Moody particularly devoted the last few years of his life to missions among church people, but his efforts in this direction, as well as those to reach the unconverted, failed lamentably during the later years of his preaching. The superintendent of city missions of New York, who had been almost hopelessly battering against the "Walls of Sin" in lower Manhattan for some years, challenged Moody to conduct a campaign in the building now occupied by the Labor Temple at Fourteenth Street and Second Avenue, a neighborhood which at that time was awakening to a social consciousness which was the beginning of radicalism in this section of the city. Moody marshaled his force of singers, personal workers and associates, but on the first night of the campaign there were merely a few hundred people in the auditorium, and after a month he finally gave up in despair. Even then evangelism was losing its appeal to the city sinful.

Then came Billy Sunday, sweeping like a meteor across the United States. While New York probably gave him the largest audiences in his career, there is no doubt that he also met his Waterloo in that city. For ten weeks Sunday "campaigned against the devil" in the great tabernacle that had been erected for him, and there were said to be 60,000 "trail hitters," but when he had finished, the practical results were scarcely noticeable except in a few churches in

the uptown districts. The cost of the revival, including the building of the tabernacle, was \$150,000. The collections for expenses amounted to approximately \$65,000; nobody appears to know exactly what the free-will offering totaled, although when one considers the personal gifts bestowed upon Mr. and Mrs. Sunday and their corps of workers, it must have been large. Evangelism was failing, even with the adjunct of the magic name of Billy Sunday.

About twenty years ago there were 650 professional evangelists in this country, although almost twice as many did occasional evangelistic work. Today there are only half as many and not more than 50 per cent of these are employed and large numbers work only a couple months each year. Naturally, the qualifications of these evangelists vary greatly. While most of them are extremely narrow and, in many cases, decidedly ignorant, there are a few who stand out as scholars and preachers. Possibly the one man who has done most to raise the level of evangelism in the United States in recent years is Dr. W. E. Biederwolf, who each year conducts an important conference for evangelists at the Summer assembly at Winona Lake, Indiana, which is attended also by leaders in church work. Dr. Biederwolf, a graduate of Princeton, has frankly acknowledged the situation among evangelists today, so far as scholarship and methods of work are concerned. He deplores particularly the alleged faith-healing practiced by certain individuals.

For an example of this practice let us turn to a campaign such as is often made in the Middle West. The whole meeting looks like an old-fashioned circus. A big tent with five centre poles, seating about 12,000 people, is crowded with men and women who have come from near-by towns with all the anticipation of a first experience at the circus. Although there are no animals and the cry of the barker is not heard, side shows of a

sort are present. A cafeteria does a great business. One tent is filled with eager purchasers of religious books and pamphlets. Others have been set aside for various purposes, the largest one being devoted to the "Baptism of the Holy Ghost."

The chief performer is one of the newer type of evangelists. Before he struck this idea of faith-healing he could scarcely get a crowd that would fill a good-sized parlor, but now he carries a staff of workers almost as large as his former audiences, each a specialist in running some phase of the campaign. Faith-healing is not a new doctrine; it was practiced, according to the Bible, by the Apostles and their successors. It differs from Christian Science in that it holds that pain and disease really exist, but may be overcome by firm belief in divine power. The actual potency of auto-suggestion, particularly under the strain of religious emotion, cannot be minimized, but it is doubtful if the modern evangelist relies entirely upon the acknowledged psychological stimulus of such auto-suggestion or even upon the effect of his own direct suggestion.

One of the specialists in the troop who is well acquainted with human nature interviews each applicant who has come to be cured before he is presented to the "healer." After the selection has been made the candidates are brought together for instruction. They are led to the platform and arranged in a row with an assistant behind each candidate. The understanding is that as the evangelist approaches them for the "laying on of hands" they are to "let go," and as he applies the magic touch, they are to fall backward as a sign that they have been freed from their affliction. Some of them are so anxious to "let go" that they fall backward before the evangelist touches them. Undoubtedly some are "healed," and unquestionably they are sincere in their faith. Others are the willing

dupes of their own nervous excitement.

Before this recent fad swept the evangelistic profession their principal stock in trade was the forgiveness of the "Unpardonable Sin." Just as the great mass of people feel the need of physical and mental healing, so nearly every one has a haunting suspicion that at some time in his life he has committed a sin which may have damned him forever. It is true that very few of those who suffer on this account can tell exactly what the "Unpardonable Sin" was. As a matter of fact, could this be accurately described, the evangelist would lose half his hold on the people. In nearly every campaign the preacher announced that he would speak on this subject, making the talk the high spot of his revival. But just as there was a general lack of knowledge on the part of the people as to the nature of this sin, so few of the evangelists could agree upon its nature. In the practice of medicine diagnosis is a most difficult art. In the cure of souls it is likewise puzzling.

But, despite the lure of faith-healing and the glamorous attraction of the super-sin, the old-time evangelism is losing strength. One reason for this is that it has not varied much in the last thirty years. About the only thing that the evangelists have lost in sermon material is the open saloon, which was formerly so theatrically denounced, particularly by those who made a practice of smashing chairs over the imaginary heads of the "enemies of society." Still vulnerable, however, are card-playing, theatre-going, dancing, movies and Sunday baseball, and when these pall the preachers can concoct sermons based on a string of proof-texts from the Bible, hung together with little regard for their original setting or context. They can also resort to the practice of violently abusing those with whom they may disagree, particularly the "modernistic preachers," whom they despise more heartily than they do the boot-

THE EVANGELIST IN PRESENT-DAY AMERICA 227

legger. The kit with which the average evangelist may do business is by no means empty.

Some have scented what is in the wind of the times and are correspondingly successful. But they are not the old-time evangelists. When such a one proclaims that he is preaching the "old-time religion," what he really means is that he is preaching the same old sermons. There is scarcely an evangelist in America today who has a prophetic note in his preaching, in spite of the fact that religion should be vitally concerned with the fundamental questions of social righteousness, industrial equity, political and commercial honesty and economic justice. The sermons are for the most part a narrow round of ethics, a mulling-over of moralities of purely personal conduct, respectabilities, good form and technical piety. If he would teach this age anything, the evangelist must point the way to the righteousness which is human society organized according to the will of God. It is true that the new organization will be accomplished primarily through "personal salvation," but the result of the average evangelistic campaign, even when large numbers are "saved," is not of the right sort.

The evangelists explain their failure by saying that the craze for sports, "Churchianity" instead of Christianity, the radio and the automobile, the spirit of commercialism and modernism in religion, have crowded out the old gospel. They are coming more and more to shun large cities because they know their campaigns will not as a rule be successful. Even if urban ministers were sympathetic toward revivalist tactics, which they are not, the people as a whole view the proceedings with more good-humored tolerance than genuine personal interest. Even the very small towns are becoming sophisticated in this respect. Formerly the coming of the evangelist was regarded as a great event by most persons. But he

has been replaced by another form of diversion, the motion picture. No wonder so many revivalists regard the movie as the worst blight on the nation. It is their greatest rival, just as it formerly was the greatest rival of the saloon.

The principal locality still open to the evangelist is in and about provincial cities. Here there are enough people of the conservative type to furnish a fairly good-sized audience. Here, too, ministers are sometimes more ready to follow the wishes of certain groups within their churches who desire an evangelistic campaign, and are themselves willing to support a revivalist's visit since it promises to create greater interest in the work of the local churches.

This, however, is not always the case. It may be supposed that pastors in small cities are generally sympathetic to their evangelistic colleagues, who are supposed to be experts in the field of soul-saving. As a matter of fact, it is often quite the opposite. The reasons are not difficult to understand. Picture the opening night of a campaign. On the platform are seated the preachers of the town. If one is missing, he is a marked man and is made the subject of prayer, because, according to the evangelist, his absence is evidence that he himself needs to be "saved." On this opening night it is plainly up to the evangelist to say or do something which will make the whole town buzz with excitement. But no matter what it may be, the local preachers are supposed to lend their personal endorsement. They theoretically may not criticize a fellow-worker in the vineyard of the Lord. He, on the other hand, usually feels it necessary to denounce the condition of local piety, and in his rhetoric includes such personalities as he thinks should bear his criticism. As a rule he pays his respects to the preachers, who no doubt feel it incumbent upon themselves to smile charitably and with

due humility, although inwardly they may writhe with indignation.

After the evangelist departs, the minister's real troubles begin. He finds it utterly impossible to bring his congregation back to the normal routine of the church after the excitement and emotion of the revival. Many of the converts, also, failing to find the exhilaration which they had experience^I in the evangelistic campaign, become disappointed and fail to settle down in the churches of which they have recently become members. Very soon they become critical of their ministers, concluding that what the evangelist said about them was only too true. Sooner or later they turn away, and ungodliness flourishes once more unabated. It is a distinctly disappointing state of affairs.

But, whatever may be the weakening effects of evangelistic methods upon the established religious society, or however great the general decline of the old-time evangelism, the essence, the idea, of evangelism will not die. It appeals to the less sophisticated American very strongly yet, and, strictly speaking, it rarely ever appealed to any other type of person. Evangelism will not die, although it may undergo some convulsive changes. Aimee Semple McPherson

Hutton of the Angelus Temple of Los Angeles has found her way into the hearts of some 12,000 people and on most newspaper front pages on the strength of her personality as well as on that of her mysterious disappearances and domestic difficulties. Alma White, the woman Bishop of the Pillar of Fire movement, has been holding "pep meetings for God" with marked success. A Tennessee evangelist known as Sister Smothers has recently startled the attendants at her gospel meetings by allowing herself to be bitten by diamond-back rattlesnakes, confident of recovery through the efficacy of prayer. Youngsters of twelve and thirteen are preaching their message of salvation in a childish treble to eager thousands. A California preacher recently won fame by coming East and playing "Rock of Ages" and "Shall We Meet at the River?" on the xylophone, circus calliope and saxophone, with the accompaniment of 360 sleigh bells. Evangelism itself will not die as long as the old-time sort is speeded up to the modern tempo.

But what is really needed is a new evangelism that will meet the needs of the times, as the great evangelists, from Paul to Moody, met the spiritual hunger of the social order of their day.

Dishonesty in Public Life

By GUSTAVUS MYERS

Author, "History of the Great American Fortunes"

IT is not only in the United States that dishonesty and corruption in public life have caused widespread indignation. In Germany, Mayor G. Boess of Berlin was recently removed from office after a jury had found him guilty of unbecoming conduct, and the widow of City Councilor P. Busch had the effrontery to sue for money she alleged he received in bribes and had placed in banks in another's name. Even in the Soviet Republic corruption is present, and executions for that offense have taken place, malfeasance in public office being the only capital crime in Russia's code.

The political corruption of which we have given a couple of examples has been made the basis for a sweeping condemnation of democracy. Bands of foreign and American critics have seized upon the prevalence of graft as proving anew the impotence of popular government. Their argument is that democracy is thoughtless, reckless and indifferent to corruption in public affairs. Some critics dismiss democracy as a mere snare and delusion, and pronounce general suffrage a monumental failure. Dictatorships and Fascism have accordingly been hailed as a redeeming escape from the evils of democratic government. Regrets are expressed over the curtailing or effacement of the old class rule, for the period in which that government by the privileged few prevailed, we are informed, was one of honesty and efficiency. In those days, so the argument goes, a class trained to govern and to

govern well was in power; linked with its ability were its principles of honor and patriotism, and these lofty aims guaranteed the honest performance of duties.

Experience, however, has amply demonstrated that no kind of government has been immune from corruption. Few errors have so firm a hold as the falsehood crediting fine and noble qualities to the class government which democracy supplanted. During centuries of aristocratic government gross corruption was rampant. But aristocracy was usually able to suppress any disclosure of its malfeasance; it shielded itself with drastic penal statutes, excluding inquirers from its councils and legislative bodies and prohibiting reports of its proceedings in the public press. It fortified itself with severe libel laws whose real purpose was to prevent publication of the truth. It purloined or destroyed public records. Through distribution of sinecures or other rewards, subservient authors were induced to create fictitious reputations for their patrons. Under democracy—in America at least—the mere suspicion of corruption leads to popular outcry and to open investigation.

Despite every precaution, even under aristocracy, situations arose which could not be concealed, but astonishing as were the revelations, they were only symptoms of wider and deeper corruption. This was so in the case of England. Other caste-governed countries, from ancient to modern times, have had their systems of embedded corrup-

tion, but our knowledge is dependent more upon fragmentary historical references than upon available documentary archives.

In China, from the time of the Han dynasty in 120 B. C., when the method of choosing officials by literary examination was instituted, until the end of the nineteenth century, corruption was increasingly used by wealthy aspirants for office. They in turn, as officials, recouped themselves for their expenditures by "pickings" in every possible direction. Under the successive dynasties China was governed by an official caste which made a consummate art of the process of grafting called "squeeze." Extortions by the patrician blackmailers who ruled ancient Rome were one of the leading causes of the great social wars which culminated in the dictatorship of Julius Caesar. All through medieval times in Europe graft was firmly installed as an aristocratic prerogative. In Russia during the reign of Peter the Great, Prince Menshikov and other nobles followed precedent in stealing public funds; Menshikov alone amassed a fortune that now would be equal to \$5,000,000. Few of the princes in Peter's so-called Senate did not enrich themselves by peculation or grafting. Peter once soundly thrashed Menshikov for stealing treasury funds, but with all his despotic power he could not break this fixed practice. Yaguzhinski, his Procurator General, boldly told Peter that efforts to stop it were futile: "All of us do steal, only some of us more openly than the rest."

The cornering of wheat by Louis XV and his ducal coterie is a matter of record. Immense sums were made from the impoverishment of the people. When the Assembly of General Safety in 1768 investigated the price of bread, evidence pointed straight to the King's palace and thereupon all investigation ceased. As the corruption in Russia extended right down to the last years of Nicholas II, when Grand Duke Sergius was accused of stealing Red Cross

funds during the Russo-Japanese War, so corruption continued in France. Under Napoleon I grafting officials winked at the smuggling of goods in violation of his decrees. King Louis Philippe gave out false reports of his health so as to be able to speculate on the consequent rise or fall of stocks. The régime of Napoleon III was an orgy of graft and corruption. Grafting by Spain's caste of military officers is so ancient that its uprooting is one of the most serious problems confronting the new Spanish Republic.

From medieval times to well into the nineteenth century Great Britain's parliamentary government was centred in the hands of a powerful few. Members of the House of Commons were chosen by only a few landholding electors. Moving in the House of Commons on March 4, 1790, for parliamentary reform, John Flood pointed out that only 6,000 to 8,000 persons in a population of 8,000,000 had the right to vote for members of the House of Commons. He scornfully styled the House of Commons "a second-rate aristocracy," which assuredly it long had been and long thereafter remained, a large proportion of its members having no other qualification than that of being relatives of peers. Corruption of voters was commonplace. Unlike official peculation which could be concealed, fraud and bribery in elections were open and notorious. Frequently, Parliament was obliged to make a brave show of prevention. Three acts in 1696 recited frauds in elections; further acts were passed in 1710, 1711 and in 1713. An act of 1726 "for the more effectual preventing of bribery and corruption in the election of members to serve in Parliament" began by relating the ineffectuality of previous laws. Voters were both manufactured and bribed. By the expedient of making a fraudulent transfer of land, men were transformed into freeholders—the one requisite for voting. An act in 1762 was aimed at the practice of creating bogus voters.

These acts were formidable in appearance but their effect was nil. Petitions presented to Parliament in 1793 for electoral reform told how a total of sixty-five statutes to prevent fraud and corruption had been circumvented by various devices. The cost of securing a Parliamentary seat, the petitions set forth, ranged from £3,000 to £6,000. At this time the majority of the House of Commons was elected by less than 15,000 out of 3,000,000 male adults in Great Britain.

Richard Brinsley Sheridan on May 7, 1793, declared in Parliament that "corruption is the pivot on which the whole of our government affairs turns." In 1817 and 1818 Lord Cochrane and some other candid members told in Parliament how they had at elections purchased seats for other members, specifying the sums paid per voter and the total bill which varied from £4,000 to £6,000 per seat. Bell's *Weekly Messenger*, on June 29, 1818, published a schedule of the rates—£40 and £50—paid to each voter in some boroughs. Bribery was transacted through an intermediary, as the laws did not apply to "gratuities" from a third party.

By overwhelming majorities the House of Commons declined to change the electoral system. Not until after many riots and other popular demonstrations did Parliament in 1832 consent to the well known bill of that year. But bribery continued, and the pernicious open ballot system was retained to allow continued intimidation of voters. Landed aristocrats dismissed tenants and boycotted shopkeepers who voted contrary to orders. For the same reason industrial employers discharged workers. Incidentally it was during these decades that British and other European authors, reflecting aristocratic prejudice, were busily concocting the legend that America's democracy was a unique hotbed of corruption.

Long agitation was necessary to secure the secret ballot. Britain's upper

classes were irritated and its progressive groups chagrined by the knowledge that Australia—contemptuously regarded in England as a colony founded by convicts—had begun in 1856 to use the secret ballot system. Finally, in 1872, though much against its will, the House of Commons voted to abolish the open ballot. Further public agitation against continued corruption produced the Corrupt Practices Act of 1883 to prevent illicit expenditures.

Obtaining power by fraud, intimidation and bribery, how did the select beneficiaries of that system use their power? No matter what set of politicians or party administration ruled, there was no difference of opinion on one point; all agreed upon the need for the strictest secrecy. By the latter part of the eighteenth century, more than thirty separate enactments forbade the reporting of parliamentary debates in newspapers. In making a motion in the House of Commons, on April 30, 1777, for the admission of strangers—meaning reporters—Temple Luttrell declared that most of the laws in that House had been passed "with a clandestine privacy like letters de cachet from the court of Paris." The Speaker was now authorized to relax the rule against reporters, but there came a later occasion on which it was again enforced. Few members of Parliament were disposed to ask leading questions about expenditures of public funds, the conduct of departmental affairs or of the methods of trading and financial corporations. The self-interest of nearly all members was involved as recipients of favors and contracts or as stockholders. If some member so far forgot the proprieties as to render himself obnoxious by making inquiry he was promptly made to feel the enormity of his offense.

The American Revolutionary War, however, brought about a series of disclosures highly damaging to aristocratic pretensions. In 1778 Lord

North's administration was furiously attacked for its relationship with "closet contractors who entered into a conspiracy to plunder their country." Two years later Sir Philip Jennings Clerke proposed a bill barring from seats in the House all persons directly or indirectly having contracts with the government. As the commotion could not be stilled, the House of Commons at last, in 1780, was forced into appointing a commission for the investigation of public accounts. This commission had not the faintest idea of the depths to which its probing would lead. Sending a demand to various departments for the records, it received documents whose nature stirred further requisitions. Numerous papers seem to have been missing, but those available produced astonishing revelations of long-buried villainies on the part of a succession of lordly officeholders.

Burrowing into navy records, the commission found that Lord Anthony Falkland, navy treasurer before 1689, was a defaulter to the extent of £27,000. The value of the pound then and in the eighteenth century was considerably greater than now, so that judged by present standards the sum stolen was probably equivalent to more than £100,000. Having made this discovery about Falkland, the commission evidently did not think it advisable to inquire further into operations of other old-time navy officials. "We did not misspend our time," it reported, "in a pursuit where there was so little probability of benefit to the public. A debt that has subsisted for more than a century may be presumed desperate."

Turning its attention to more recent officials, the commission found that for nearly nineteen years before 1781, Lord Barrington, Lord Howe and other navy treasurers handled an aggregate of £58,000,000 and had never settled their accounts. In addition, there was an appropriation of £25,000,000 for which Welbore Ellis,

the incumbent then in office, had not accounted. The commission reported that by this long delay extensive sums in interest had been lost to the public, "not," it significantly added, "that the principal has always been safe." It further reported that navy treasurers had possessed the power to refuse authorization of payments, thus in at least one instance holding up the pay of seamen for eight months or more.

In the army administration the commission set forth abuses which had lasted for many decades. As an example of their long standing it cited the fact that in a single year from 1719 to 1720, the Earl of Lincoln had, as paymaster general of the forces, received £473,127 of public money "of which no account was ever given, nor can it be traced in any way." The steady practice of paymasters general upon quitting office was, the commission set forth, to take away as their own private property books and papers relating to their public accounts. They also carted away large sums of public funds. When relinquishing office in 1765, Lord Holland took away more than £455,000 of public money; only upon insistent demand did his representatives make restitution thirteen and fifteen years later, and in instalments at that. Paymaster General Charles Townsend had received more than £2,000,000 of public funds; the final account of his disposition of them was not submitted until eleven years after his death. Reckoning at 4 per cent simple interest, the commission calculated that the public's loss of interest on sums retained for years by Lord Holland, Townsend, Lord North and one other paymaster general amounted to more than £294,000.

No modern system of political graft can approach in effectiveness the elaborate network of corruption then flourishing. Under democracy graft is condemned both in law and morals; it goes on, but its practice is recognized as hazardous. Under aristocracy graft

was boldly held to be a privilege, sanctioned by custom. In every department there was a regular scale of extortions cloaked as "fees and emoluments." Contractors and all others seeking official favor had to pay fixed sums. In his capacity of auditor of receipts in the exchequer, a life appointment, the Duke of Newcastle reaped large sums in graft. One of his subordinates was the usher of the exchequer, also a life appointment; in 1781 the usher was Horace Walpole, the same who filled his *Memoirs* with all kinds of moralizing but never let out a word about his complicity in looting. The usher regularly received an emolument (nowadays colloquially termed a "rake-off") of 40 per cent on all supplies ordered and a large percentage on the cost of repairs. The commission reported that in the year 1780 alone the usher's office "made the public pay £14,440 for supplies and work really worth £9,187." The Duke of Newcastle did not lower his gracious dignity by personally collecting his lion's share of "official profits"; they were gathered by his first clerk, "who accounted for them every month." In the single year 1780 Newcastle's net income from his office was more than £14,000.

Army regulations decreed that contracts should be honestly administered, but the officers—largely titled aristocrats or their kin—were allowed to have a personal interest in contracts, and their vouchers were accepted without scrutiny. One duty of the quartermaster general's office was to supply wagons, horses and drivers for the army and vessels for transportation. The commission reported that contrary to regulations, "it has been the usage, so far back as our inquiry has gone, for the officers in these departments to be themselves the proprietors of, or to have shares or interests in, a great number of the vessels and the small craft, and in almost all the wagons and horses in these services." The report showed how

horses and wagons unfit for military service had been supplied to Lord Cornwallis's army in America. In three and a quarter years contractors had made a clear profit of £241,960 on horses and wagons alone. Cornwallis, in 1780, had protested and ordered a change, but whether his instruction had been carried out was not clear. If, the commission reported, the same fraudulent methods had continued to June 18, 1782, the profit would have totaled £417,592. Bitter charges were made in Parliament of profiteering by gun and equipment contractors. It was these disclosures that prompted Henry Flood to declare in the House of Commons on March 4, 1790: "The influence of corruption within doors and of this fraud of argument without, continued the American war which has swept away 40,000 lives and cost £100,000,000 in treasure."

The ranks of the peerage were greatly enlarged by the entry of profiteering contractors and "nabobs" of the East India Company, buying titles and purchasing beautiful estates. Within a few years before the dawn of the nineteenth century more than 100 peers were created. The composition of the House of Commons long remained aristocratic. In 1831, for instance, of a total of 358 landholder members there were four Irish peers, 98 sons of peers and 155 near relatives of peers. Of the remaining members 62 were connected with the East India Company and 34 with the West India trade, while there were also various groups of bankers, manufacturers and lawyers. Under this caste system corruption acquired a finesse that stamped as crude the open methods in America.

When a bill to give rights of way to railways was introduced in 1832, the House of Lords, whose members owned nearly four-fifths of England's soil, opposed it, and had it thrown out. Strangely enough the bill, in the very next year, was passed by both houses. Why this sudden change? Because in

the meantime the railway directors had conciliated the lords by agreeing to pay them treble the amount initially offered for rights of way. The London & Birmingham Railway Company, for instance, increased its offer from £250,000 to £750,000. The lords' exactions, closely resembling blackmail, added to the capitalization of Great Britain's railways a total of over £50,000,000. At the behest of the lords, Parliament on another occasion advanced an enormous sum to landowners to improve their lands by drainage. The owners then charged the entire sum as a debt upon their tenants. In 1898, the consent of the House of Lords to an Irish local government bill was purchased by the gift of an agricultural appropriation of which £300,000 went straight into the pockets of Irish landlords.

The raising of campaign funds by selling honors has always been a lucrative British industry. Hundreds of peers were thus created in the nineteenth century. William T. Stead, one of England's most courageous publicists, described a title as "the fancy trimming of a plutocrat." Throughout this time 400 of the 600 members of the House of Lords seldom or never attended; of 750 members at present, more than 200 rarely participate in a division. In a recent book on former Premier Lloyd George, Sir Charles Mallet, a Liberal and former Financial Secretary to the War Office, declared that £1,500,000 came to the Liberal party's purse from the granting of honors. This sum, he added, by investment quickly grew to £3,000,000.

Scandals attending the selling of honors have been, however, by no means restricted to England. In 1887 there arose a great scandal in France over the selling of Legion of Honor decorations—a scandal which involved a son-in-law of President Grévy and which led to Grévy's resignation. Only a short time ago in Imperial Japan the chief of the Decoration Bureau and several assistants were charged with receiving bribes for recommending that decorations be conferred upon wealthy persons.

Imperial Germany unearthed serious instances of corruption in the colonial departments. In France there were frequent upheavals over official corruption. The Panama scandal in 1890 was only one of a number. Vast sums of money poured in the coffers of the Panama Canal Company, then a French enterprise, were wasted or embezzled, and an inquiry resulted in charging a considerable number of directors, ex-Ministers, Deputies and Senators, with bribery and corruption.

Japan, ruled largely by caste dignitaries, has contributed its corruption scandals. Not long ago forty-four persons, including a Minister of Railways, a former Vice Minister of Railways, a General and several members of Parliament, were involved in bribery charges. Four railroad companies paid a large sum for a legislative bill proposing the purchase of their properties by the State.

Obviously political dishonesty and graft are not peculiar either to America or to democratic government.

China's Southern Secessionists

By J. O. P. BLAND

[The writer of this article has been familiar with Chinese affairs for nearly half a century. From 1883 to 1896 he was in the service of the Chinese Imperial Maritime Customs, then secretary to the municipality for the Foreign Settlements at Shanghai and correspondent of the London *Times*, and later representative in China of the British and Chinese Corporation, Ltd. Mr. Bland is the author of several books on China and is regarded as one of the leading British authorities on Far Eastern matters. Although the present article was written before the announcement on Oct. 2 of a compromise between the Nanking and Canton Governments, under which the Canton régime agreed to dissolve voluntarily, the analysis of sectional alignment here presented appears to be one of permanent importance to an understanding of Chinese internal affairs.]

THE importance of the Cantonese secessionist movement in the south of China has not been sufficiently recognized in the United States and Great Britain. As a rule, the revolt of the Kuang provinces against the dictatorship of Nanking is described merely as a phase in the struggle for supremacy between continually changing factions, a normal manifestation of rivalries between political groups which time and the hour may be expected to settle. But if we consider the latest declaration of Cantonese independence in the light of Chinese history, especially that of the last half century, it can hardly fail to be recognized as an event of very real significance, a sign and portent of things to come in the Far East which must seriously affect world politics in the near future.

It is no new thing that Canton should be a centre of revolutionary unrest and a source of political excite-

sions and alarms, nor is there anything particularly remarkable in the record and attitudes of the secessionist leaders. The factors which, by their steadily increasing and cumulative effect, invest the Cantonese movement with world-wide significance have their origins deep-rooted in the past—those geographical, social and economic factors which have always differentiated the social structure and mentality of the people of these seaboard provinces of the South from those of the great alluvial plain of Central China. Because of these factors it took the Manchu conquerors half a century longer to establish their authority over these provinces than in the North, and had it not been for the assistance rendered by Gordon, Ward and other foreign military officers, the dynasty would probably have met its end at the hands of the southern rebels fifty years sooner than it actually did. Even when the power and prestige of the Manchus were at their zenith, under the Emperors Kang Hsi and Ch'ien Lung, the ceaseless activities of the Cantonese secret societies were a constant source of disorder and unrest, a sharp thorn in the side of the dynasty.

Since Sun Yat-sen's successful revolution—in reality a *coup de main*—inaugurated the present era of internecine strife, certain new conditions have manifested themselves more distinctly and certain new factors have come into play which have placed the Cantonese—using the term in its widest sense—in a position of great advantage, and which seem destined be-

fore long to make them not only the dominant power in China but an economic force with which the Western world will have to reckon. Strictly speaking, these new factors are not wholly new. They have been gradually and naturally evolved out of the direct contacts with Western influences, established long ago by the adventurous initiative of the Cantonese, and more particularly since the beginning of the century, because of the rapid growth of their communities overseas, from which the republican movement of 1912 derived its chief inspiration and support. They arise, in fact, out of the social characteristics of these quick-witted southerners and particularly from their aptitude to adapt themselves readily to new conditions and new methods. The Kuang provinces today represent intellectual activities and financial resources, drawn from overseas, with which no other provincial combination can hope to compete. Already, at the beginning of the century, the annual remittances of Chinese abroad were estimated by competent authority at over \$75,000,000, and practically all the emigrants owe their first allegiance to Canton.

In the course of a series of lectures delivered before the Lowell Institute in Boston in 1912 I had occasion to draw attention to the growing importance of the Cantonese party as a determinant force and factor in the future of China and to the essential differences of temperament and tradition which distinguish its rank and file from the patient, passive people of the central and northern provinces. I pointed out that the original program of the founders of the republic, then in its second year, had always been identified with Cantonese initiative, and that the leaders of the political groups at Peking and Nanking were already disposed to resent that initiative and to suspect that Sun Yat-sen's idea of a republic meant "China for the Cantonese."

In 1906-7, before the death of the great Empress Dowager, the predominant influence of a highly intelligent coterie of American-educated Cantonese, under the protection of the Viceroy Yuan, had permeated every department of the metropolitan administration, to the unconcealed chagrin of the Hunanese, Chihli and Fukien placemen. Thus, even before the collapse of the dynasty, the clanish solidarity of the Cantonese, their genius for political organization and knowledge of foreign affairs, had marked them out as a rapidly growing force of a new type, with which the older political factions were not in a position to cope.

Having had occasion to study on the spot the mentality and methods of most of the progressive Cantonese leaders, I was then and am still of opinion that, although genuine Republicanism is irreconcilable with the instincts and traditions of the Chinese race, it is possible to conceive the eventual establishment of a Republic, framed on American lines, for Kuangtung and Kuangsi; in other words, that, so far as these provinces are concerned, the visions of Sun Yat-sen are not beyond the furthest horizons of possibility. Finally, considering the indisputable and steadily increasing advantage which the Cantonese leaders enjoyed from the moral and financial support of their fellow-provincials overseas, I ventured to predict that "Canton will either succeed in dominating the internal politics of the Republic by virtue of its superior organization and knowledge of democratic institutions, or that it will insist upon conditions of provincial autonomy which will make an effective central government impossible."

The course of events during the twenty years which have since elapsed has fairly justified this prediction. The history of this period may be described as a ceaseless struggle for supremacy between continually chang-

ing groups of political adventurers, supported by purely mercenary bodies of armed men. Throughout this struggle the Cantonese have been conspicuous for vigorous initiative, cohesion and political acumen; the triumphant progress of the southern "Nationalist" forces through Central and Northern China in 1925-6 afforded significant proof of their ability to adopt western ideas, even those of Bolshevism, for the furtherance of their military and political ambitions. As the birthplace of the Revolution of 1911 and the home of its prophet, Canton has always claimed to be the only orthodox expounder of Kuomintang policies and principles of government, and whenever, as in the recent crisis or in that of 1916, it has failed to impose its nominees and its will upon the central government, it has promptly declared its independence and proceeded to establish a military government of its own.

As matters stand, the combined forces opposed to Cantonese domination are probably stronger than they were in 1916, partly because of the increased importance of Manchuria as a factor of the situation and partly because the lines of cleavage between North and South have been deepened by the aggressiveness of the Cantonese and by their readiness to enlist the aid of foreigners—Russians yesterday, Japanese today—in order to enforce their authority. There would therefore appear to be little or no prospect of a central government in which the Cantonese would be allowed the commanding position which they claim. On the other hand, the separatist tendencies which have always characterized the inhabitants of the Kuang provinces are stronger today than they were under the Manchus, partly because of the abolition of the civil service examinations, a very powerful element of cohesion, and partly because of the cumulative effect of American and other foreign influ-

ences incompatible with, and impatient of, the inert conservatism of the Chinese masses. Such being the case, it would seem inevitable that China, south of the Yangtse, will eventually become a separate republic governed from Canton, whose shifting frontiers, alliances and policies will continue, as at present, to be largely a matter of stratagems and spoils.

The clannishness of the Cantonese and their collective readiness to sacrifice the ideal of national unity to frankly provincial ambitions has seldom been more clearly displayed than in the latest struggle between Chiang Kai-shek and the leaders of the Canton section of the Kuomintang. The immediate causes of this quarrel are immaterial; its ancient roots lie buried in the past. But it is worthy of note that when, without process of law, General Chiang seized and detained the person of Hu Han-min, the Cantonese chairman of the Legislative Council, with the obvious intention of holding him as a hostage for the good behaviour of his political friends, the separatist movement which followed received the immediate support of all the important Cantonese politicians who had hitherto been identified with the Nanking Government, including Dr. C. C. Wu, the Chinese Minister at Washington; Sun Fo, Minister of Communications; Wang Chung-hui, the international jurist, and Tang Shao-yi, elder statesman and adviser to the government. These men are all prominently associated in the public mind with the foundation of the Republic; they represent the fine flower of western learning, and their proclaimed program has always been the unification of China under a constitutional government. Nevertheless, when it comes to the pinch of party politics, of "Canton versus the Soong dynasty," they display a parochialism as inveterate as that of the Hunanese or Anhui Conservatives under the Monarchy, combined with the utmost in-

transigence. This last undoubtedly reflects their increasing consciousness of the advantages which Canton enjoys as the ancestral home, rallying centre and chief beneficiary of the wealthy communities overseas.

Whatever may be their effect upon the present struggle for predominance in China, the influence of these communities already constitutes a factor in Far Eastern affairs far exceeding in its potential importance all the political programs and problems of Nanking. As regards nature and evolution of this factor, the world at large is generally unaware or forgetful of the significant fact that the tide of Chinese emigration which in the middle of the nineteenth century began to flow toward the Straits Settlements, the Dutch Indies, Burma, Indo-China, Siam and the Pacific Coast of North America, was from the outset practically confined to natives of the Kuang provinces and Fukien, and that this monopoly has been jealously protected and skilfully directed ever since by their guilds and secret societies. Nor does the world realize how swiftly this silent-flowing tide has increased in range and volume since the passing of the American Exclusion Acts toward the end of the nineteenth century. Unfortunately no comprehensive or authoritative statistics are available on the subject. The numbers of Chinese resident in the colonial territories or protectorates of the Western Powers and on the Pacific seaboard can only be estimated, as a rule, from the census figures given from time to time in uncorrelated government reports; but from these, and from works such as M. Dennery's *Foules d'Asie* and Professor Toynbee's survey, *Chinese Immigration into Tropical Territories*, certain general inferences may be drawn.

Chinese immigration into the United States, freely permitted by the Burlingame Treaty of 1868, was rigorously limited by agreement in 1883 and finally ended by the Asiatic

Exclusion law in 1904. After that date, the tide of emigration, checked in its eastward movement, flowed with rapidly increasing force toward Malaya, Siam, Indo-China, Burma and the Dutch Indies. The latest reliable statistics give the following results in each of these countries:

British Malaya—In 1921, the Chinese population (census return) amounted to 1,174,777, as against 1,651,051 Malays. The actual figure at the present day can only be estimated, but as the net immigration for the years 1925 to 1928 was over 1,000,000, the native population must have been in the minority for some time past.

Siam—According to the census of 1920, there were 260,464 Chinese in Siam at that date. In 1925, the number was estimated at 500,000 and in 1930 at 2,000,000. The immigration recorded between 1918 and 1926 amounted to 643,000.

Indo-China—In recent years Chinese immigration into Indo-China appears to have been discouraged and checked by the French authorities. In 1910 the number was officially given as 232,000. The latest estimates place it at about 370,000.

Burma—According to the Census of 1901, there were then 62,486 Chinese residents in the province; in 1911, 123,000; in 1921, 149,060. They intermarry freely with Burmese women, and the male children of such marriages are held to be Chinese.

Dutch East Indies—In 1900 the Java Bureau of Statistics gave the number of Chinese in the Dutch East Indies as 537,000. In 1920 it was 809,000, at which date the total European and Eurasian population amounted to 169,708.

British North Borneo—The number of Chinese in 1930 was estimated at 60,000.

The Philippines—The number of "persons of Chinese parentage" was estimated in 1928 at about 150,000. These are mostly natives of Fukien.

The most significant feature presented by each and all of these Chinese communities overseas is the economic superiority which they display over the inhabitants of the countries in which they establish themselves. Given a fair field of opportunity, their racial solidarity, ready adaptability, sobriety and thrift, combined with a standard of living which defies all competition, enable them to underlive and undersell all other races; and the same qualities, combined with shrewd business ability, tend to concentrate wealth in the hands of their merchants, bankers and ship-owners. The British colonies of Hongkong and Singapore are virtually Chinese-owned today; were it not for the Asiatic Exclusion Acts, the Pacific Coast of North America would have become a Chinese colony long ago. Where once the sons of Han have taken root, nothing short of physical violence (such as California resorted to in 1904 and the Koreans have used quite lately) can save the native lord of the soil from being "ruined by Chinese cheap labor," and dispossessed. Moreover, so long as there is a right of entry and a living to be made, every Chinese community will draw unto itself masses of new recruits from the overcrowded homeland. It requires therefore no special gift of imagination to foresee that either the nations concerned will protect themselves in the near future by legislating against Chinese immigration or that within a comparatively short space of time, say, fifty years, Canton will have become the capital city and spiritual home of a

new China, whose commercial and political activities will be the predominating factor of the whole Pacific region.

As time goes on, as this Cantonese centre becomes more and more representative of the emancipated modernity of the communities overseas, it is certain that its social and political structure must become more and more sharply differentiated from that of the rest of China. At the same time, because the modification of racial characteristics is necessarily a slow process of evolution, it is safe to assume that the power of the secret societies, wielded by an inner directorate with its headquarters in Canton, will not be greatly different in its machinery and methods from that of former days, and that the Cantonese Kuomintang will continue to command the allegiance, collect the subscriptions and control the international relations of these communities overseas—in other words, that it will exercise immense power over a very wide area. The recent proscription of the activities of the Kuomintang by the British authorities of Malaya may be regarded as a cloud, no bigger than a man's hand, which is destined eventually to overshadow all other problems of the Far East. Regarded in this light, the significance of Canton's latest declaration of independence lies more in the future than in the present; but its ultimate importance is something which transcends all the permutations and combinations of Kuomintang, or other party, politics.

LONDON, Sept. 9, 1931.

Work of the War Policies Commission

By LAWRENCE SULLIVAN

Washington Correspondent, The Baltimore Post

THROUGH its temporary War Policies Commission the United States is the first world power to explore by official inquiry the peace-insurance potentialities of a broad national policy which would guarantee to all, in advance, that if ever war should come again its burdens would fall equitably upon every element of the population and every resource of wealth. Established by public resolution No. 98 of the Seventy-first Congress, which was approved on June 27, 1930, the commission is composed of six members of the Cabinet, four members of the Senate and four members of the House of Representatives, with Patrick J. Hurley, Secretary of War, as chairman. The resolution directs the commission to report upon four matters—the advisability of a constitutional amendment which would authorize the Executive to commandeer property of whatever category in time of war, measures "to remove the profits from war," other means of equalizing the burdens of war and, finally, upon general military policies. In framing the resolution, Congress imposed but one limitation upon the inquiry; the commission was expressly prohibited from considering any policy involving the conscription of labor.

In various forms a measure of this general purport has been before every session of Congress since 1922. In that year the American Legion presented its first bill looking toward automatic

universal conscription of man power in the event of war; and almost simultaneously a second Congressional group, prompted by the then budding revelations of wartime earnings, presented a measure seeking a constitutional weapon against future profiteering. In the protracted but indecisive debates which followed presentation of these bills, the two movements gradually merged on a single objective—a national commission to survey the whole range of policies bearing upon peace and preparedness. By the strange alchemy of our legislative and administrative processes the project emerged ultimately as the War Policies Commission. But this revolutionary fusion of the two conflicting programs was political as well as legislative and administrative, for in 1924 both major parties pledged support to the survey program, and in each case the pledge was reaffirmed in 1928.

Two months before the 1924 conventions, when the whole matter was still before the House Committee on Military Affairs, Secretary of Commerce Hoover presented his views in a long letter which concluded: "War is an unhappy business * * * and the more evident it is that the whole nation will be put in the storm and made to bear its share of the sacrifice the less likely we will be to go to war." Inaugurating the hearings in March, 1931, Secretary Hurley said: "It is quite generally conceded that the elim-

ination of excessive profits will be a long step toward the insurance of peace. Certainly all must be agreed that it is unjust and unpatriotic to require one man to die in defense of his nation while another is reaping tremendous profits from his war activity."

At the first hearing an open invitation was extended by the chairman to "any person who desires to present his views." During the next four months more than 500,000 words of testimony were received from representatives of every shade of political, economic and social opinion. From this record the commission must draw its recommendations, which, it is anticipated, will be transmitted to the new Congress in December. Through the testimony of such men as Bernard M. Baruch, who was chairman of the War Industries Board, and Newton D. Baker, the Secretary of War in President Wilson's Cabinet, there was presented to the commission an impressive catalogue of the myriad economic and political forces with which any new policy must deal if it is to be effective. Similarly, the commission had before it the views and suggestions of Walter S. Gifford, president of the American Telephone and Telegraph Company, who served as Director of the Council of National Defense from December, 1916, to November, 1918, and of J. Leonard Replogle, who was a Director of Steel Supplies for the War Industries Board. An encyclopedic review of the complexities of wartime taxation and finance was presented by Arthur Ballantine, Assistant Secretary of the Treasury, and Eugene Meyer, Governor of the Federal Reserve Board and formerly Director of the War Finance Corporation. In the same manner the commission surveyed transportation, civilian and military supply, industrial coordination, conservation of raw materials and possible emergency sources of supply. As historical source material the record presents perhaps the most comprehensive and authoritative reconstruction now extant of America's political, economic and social ex-

perience in the World War. Under the extremely liberal procedure in the hearings scores of detailed plans, panaceas and millennial visions also were placed in the record.

Mr. Baruch said in summarizing his own estimate of the project: "We must plan in such a way that if war comes we shall meet the enemy with our maximum effectiveness, with the least possible injury and violence to our people, and in a manner which shall avoid inflation and waste. Our plans should eliminate war profiteering, and they ought to provide that each man, thing and dollar shall bear its just proportion of the burden. It should be designed to avoid the prostrating economic and social aftermath of war."

Specifically, he suggested that against any future conflict the Executive should be empowered to "freeze" the national price pattern at the level of some predetermined date. This would apply to rents, wages, interest, commissions, fees—in short, to the price of every commodity and service in commerce. Applied from the outset of the World War, he estimated, such a scheme would have reduced the economic cost of the war by 50 per cent or more. "Since there never has been a war without inflation, profiteering and unequal burdens," Mr. Baruch continued, "the resolution seems a large order, but it is with no hesitation that I can say from my experience in the World War, and from methods that were actually in practice here at its close, that the ends sought are possible of attainment and that means to those ends are simple."

Representative McSwain, who long has been one of the most vigorous Congressional advocates of a national policy to curb war profiteering, repeatedly emphasized this aspect of the inquiry in his examination of witnesses. "It has been charged, and I think with some truth," Mr. McSwain told the commission, "that certain interests are sometimes reckless in rushing the country into war, in the pros-

pect of making enormous profits for themselves, at least believing that if they can escape the harshness of personal military service they cannot personally suffer from war. They have been willing, therefore, to take the chances of unduly exciting the public mind about matters which otherwise might be relatively trivial and of arousing public sentiments to war fever." Rejecting this view, Mr. Baruch said: "That any human could be persuaded by the prospect of personal gain, however magnificent, to invoke the horrors of modern war is almost unthinkable." He suggested, nevertheless, some statute, "the very existence of which would be a constant warning to everybody that never again in America will any man make as much profit in war as he can make in peace."

Newton D. Baker also was emphatic in his statement that he did not regard the lure of profits as a controlling factor making for war. "I am thinking back now to 1918," he said, "and I feel confident that I am right when I say that no appreciable part of the devotion of America to the war was based on anticipated profit." Later he cited instances of drastic price declines in several major items of war supply after the United States entered the conflict.

A point frequently neglected in discussion of war profits, but brought out by the hearings, is the ultimate effect of taxation. Several witnesses presented computations of war profits arrived at without consideration of the inroads made later by the excess profits taxes. Official Treasury figures showed that these taxes, plus the normal income tax, often ranged as high as 82.4 per cent of the excess book profits for the war years. "In the light of past experience," Assistant Secretary Ballantine suggested, "any plan of war revenue legislation should include a war-profits tax designed to bring into the Treasury, so far as practical, the entire amounts of profits due to the war."

One of the most complex economic problems that came before the commission was that of war-time inflation. With the declaration of war, demand for supplies and services by the numerous procurement agencies of the government tends to send prices skyrocketing. Reducing the value of money, rising prices entail, in turn, a tremendous economic burden upon the entire civil population. They set in motion, moreover, the whole series of inflationary forces and these, when left alone, tend to aggravate the economic situation from day to day.

Moreover, it is principally the inflation cycle which makes the burdens of the post-war era so heavy. Roughly, bonds sold for 50-cent dollars in wartime eventually are redeemed with 100-cent dollars. Mr. Baruch estimated that the total war expenditure of the United States Government was \$39,000,000,000 in the years 1917-19, inclusive. In terms of the purchasing power of 1913 dollars, he computed this expenditure would have been only \$13,000,000,000, and in terms of 1930 dollars "probably not more than \$15,000,000,000."

Mr. Baker, by virtue of intimate contact with the day-to-day problems of procurement and supply in the World War, brought to the commission a profound insight into the practical complexities of the economic inquiry. The army's want list, for example, comprises approximately 4,000 essential articles complete for issue, into which go some 70,000 separate items of supply, and the navy's is only slightly less bewildering; yet the complexities of military supply are scarcely even an index of the larger problem of national economic coordination.

The former War Secretary expressed vigorous opposition to the proposal for a constitutional amendment which would enable Congress or the Executive to impose direct capital levies. By dislocating both the financial structure and the productive plant of the nation in times of abnormal stress such a plan, he believed, might pro-

duce "an almost revolutionary disturbance." As an alternative, he favored cooperative price control, but he entertained grave doubts concerning the proposal to "freeze" the national price pattern by Presidential proclamation. The War Industries Board, he recalled, had performed its work almost entirely by persuasion and leadership in cooperation. Industrial leaders were invited to the conference table and the government's needs outlined. Almost without exception the management responded with a pledge to meet those demands at a price fixed by the conference. Behind the agreement lay the authority of the board to refuse shipping priorities on supplies to recalcitrant firms, but only in rare instances was it necessary to exercise this compulsory authority. He viewed taxation as perhaps the most effective method of reclaiming excess profits. On the whole, he believed, the method of cooperation and persuasion had been far more effective than could have been any system of rigid regulation by law. "I think we of the War Department found ourselves perhaps more embarrassed by laws which had been passed than by the absence of law," he said.

Confirming this general view, Mr. Replogle cited several illustrations of the cooperative method. Ship plates, for example, had gone up to \$360 a ton. Toward the end of 1917 the price was stabilized, through the conference method, at about \$65 a ton. Projectile steel had been reduced from \$400 to \$70 a ton. Vanadium, important for field tanks, never had sold below \$5 a pound; Swedish interests were offering it to Germany at \$22 a pound. The United States price finally agreed upon was \$1.78 a pound.

General Douglas MacArthur, Chief of Staff of the Army, presented the War Department's general endorsement of the American Legion's universal-draft proposal and outlined in detail the department's tentative emergency mobilization program. Under the most serious situation that

might arise this plan eventually would provide six field armies, comprising approximately 4,000,000 men. In reviewing the procurement survey authorized by the national defense act of 1920, General MacArthur informed the commission that some 15,000 industrial plants already have been catalogued as to capacity and the possibilities of quick expansion or conversion in times of emergency. Revised constantly, this index of industrial resources is always up to the minute. But he also explained that the War Department does not contemplate taking over to any extent the actual functions of industrial production and distribution. These always should rest under the civil authority. For maximum efficiency, management should remain entirely in the hands of the peace-time personnel.

With the League of Nations disarmament conference only a few months ahead, it appears unlikely that the commission will recommend the universal-conscription policy. No more could it, in the face of President Hoover's insistent demand for curtailments in the Federal budget, suggest any considerable expansion of the established survey and planning activities of the army and the navy. And the proposal for a commandeering amendment appears to have wilted sadly under the exposition by several of the Senate's foremost authorities on constitutional law that the doctrine of implied powers already gives the Executive a far more elastic authority in this direction than possibly could be extended by any definite legal construction.

Thus, in the light of the record, the major attention of the commission during its final deliberations appears to centre upon those measures of economic coordination and control which promise to eliminate wartime profiteering. With the commission's report the whole subject again will go before Congress. There only, of course, lies authority to formulate the new national policy.

Whaling: A Modern Industry

By MARTIN O'CALLAGHAN

[The writer of this article is a doctor of medicine and scientific investigator who during the past ten years has served as medical officer on several whaling expeditions. He is now living in England.]

HUNTED from pole to pole, pursued relentlessly and persistently by Northmen, Basques, Americans, Asiatics, the whale has been driven in turn from the Mediterranean and Red Seas in the dawn of civilization, from the Bay of Biscay and Western Atlantic in the thirteenth century, from the Behring and Greenland Seas in the nineteenth century, from the Indian and Pacific Oceans in the twentieth century, until today the ice-ringed Antarctic remains its final refuge. Here is being played the last act in the greatest saga of the sea, and the curtain will no doubt soon fall on a drama that had its beginnings ages ago. The whale is probably doomed to early extinction.

While the early history of whaling, when it took place in limited areas about Greenland, Northern Norway or the Mozambique Channel, pointed the moral that too intensive hunting caused a rapid diminution of the numbers caught, it was not seriously believed that the stock was actually becoming depleted. Whaler-men considered that the whales merely migrated from areas which instinct or past association proved to be dangerous. The introduction of the Svend Foyn harpoon gun at the end of the last century and the investigation of scientists since 1923 have altered this conception of whale-migration as a reason for the decline of the mammal in the once prolific regions.

Armed with the new deadly weapon, propelled by steam and equipped with everything which centuries of experience showed to be necessary, Norwegian whaling fleets endeavored to resuscitate Newfoundland, Greenland, Atlantic and Alaskan whaleries which formerly had yielded to the whaler-men of Nantucket and New Bedford rich harvests. But their efforts failed. There were not enough whales in northern latitudes to make the enterprise pay, although more than a quarter of a century had elapsed since the grounds were last "fished."

The Greenland, or right, whale had been exterminated in its normal habitat, slaughtered on its own breeding ground, just as the great auk and dodo were extinguished in their island homes.

Zoologists have proved that the gestation period of the whale is not less than twelve months and that a cow does not produce more than one young every two years. The whale, contrary to uninformed opinion, is (like most denizens of the deep) not a long liver. This was conclusively proved by British Museum officials who investigated a school of whales stranded on the Dornock Firth, Scotland, a few years ago. Over 100 carcasses were examined and only three generations were represented in the herd. Not more than twelve to fifteen years separated the senile specimens from the infants. Whales have no definite breeding season. Cows are harpooned in early, middle and late pregnancy simply because the gunner on the forecastle head of the whale-catcher is ignorant of the sex or condition of the quarry he is chasing.

Thus, a slow reproductive rate and a comparatively short life handicap the whale in its fight for survival against high explosives and modern business. The icy fastnesses of the Antarctic are no longer a protection. The giant blue whale, the mighty sperm, the silver finner and the elegant sei whale must suffer the fate of the Greenland whale. Future generations will probably gaze with curiosity at museum specimens and a few, perhaps, will sigh that the deep has been robbed of its most glorious specimen, the mammoth that once reflected the ocean's own mighty power.

The development of modern whaling is nevertheless one of the greatest business romances of the century. In 1904, Captain Larsen, whose name is second only to that of Svend Foyn in Norwegian whaling history, surveyed the South Atlantic Ocean for potential bases. He it was who founded Antarctic whaling, choosing as a base South Georgia Island, and using as equipment boilers and try-pots abandoned there half a century before by American sealers. From Captain Jacobsen, nephew of Larsen, and his successor as manager of the first Antarctic whaling station at Grytviken, I have heard numerous stories of the intrepidity and uncanny whaling sense of this pioneer, of how he nosed his way on the *Sonia*, a fifty-ton whaler, through uncharted seas to South Georgia, the South Orkneys and South Shetlands, living on penguin and seal meat for months at a time and using seal blubber to eke out his scanty bunkers' supply, how with characteristic haste he obtained from Lord Allardyce, Governor of the Falkland Islands, a license for a shore station on South Georgia and how, instead of returning to Norway for capital he went to Buenos Aires and there formed the Argentina da Pesca Company and inaugurated the greatest and wealthiest whale fisheries the long history of the industry has known.

Within a few years, six independent companies were established at Prince Olaf Harbor, Leith Harbor, Stormness Fiord, Tonsberg Fiord, Grytviken and Ocean Harbor, all on South Georgia Island. A resident stipendiary magistrate, customs officer and policeman were appointed by the Falkland Islands Government; port dues were exacted from all transports and whalers, and an export duty of seven cents levied on every barrel of oil exported. By 1920, the annual value of the catch, estimated by barrels of oil exported, was £2,500,000 (\$12,000,000). In that year, Lever Brothers, who practically control the world market, bought the station at Prince Olaf's Harbor, the smallest on the island, for £750,000 (\$3,750,000), of which £700,000 may be reckoned as good-will payment. There was no element of gambling in those days. Larsen's eye for whales had brought him to the most prolific grounds in the world, where cetaceans spouted and frolicked all day in thousands, and even came up under the fore-foot of the whale-catcher to scrape the sea-lice off their backs.

In South Georgia was perfected the whole technique of modern whaling, the technique which today is being employed in intensified and unlicensed form in every part of the Antarctic Ocean. Let us consider its development and the causes which have led to whaling on a modern scale, even to the extent of employing aircraft for scouting purposes.

The shore stations are admirably equipped and well-manned. That on which I served, Leith Harbor, is the largest in the world, employing in the height of the season some 600 hands. Six ocean-going whale-catchers of 120 tons, fourteen knots speed, double-framed, mounting the latest type of Svend Foyn gun and carrying a crew of nine, made up the fishing fleet. Day and night, in all weathers, the catchers were at sea—sometimes for more than a week—scouting at dis-

tances varying from 10 to 150 miles. On shore were housed engineers, flensers, blubber and carcass boilers, coal trimmers, coopers, chemists and storesmen. A well-equipped hospital, concert hall and a reading room completed the amenities of shore life. A common slop chest, run by the company, supplied on credit every necessity for the rigorous, hazardous life in a waste of ice and snow. Preserved meat, fresh whale meat, canned vegetables and fruits, penguin eggs and fresh fish (during a few months of the year) were the chief items of the dietary. The life was hard but healthy. There is no indigenous disease in the Antarctic, but accidents are numerous and often fatal, as the many wooden crosses at the back of each station prove. Beriberi was at first fairly common because of the lack of fresh meat and vegetables which led to vitamin deficiency. Whale flesh, cut from the sei whale, was added to the dietary, and the disease was stamped out. "The work is dirty but the money's clean," sums up the Norwegian philosophy of whaling. Working on a profit-sharing basis—so much per barrel produced per season according to rank—operations are carried on at high pressure day and night.

Whale-catchers arrive at all times, towing from one to five whales. Powerful steam winches fitted with steel cables immediately draw the carcasses, often weighing 100 tons, on to a wooden inclined platform, known as the "flensing plane." To leave a carcass in the water is wasteful, since the valuable blubber oil exudes through the thin porous skin. While an army of flenders, armed with six-foot blubber knives, attacks the carcass, the whale-catcher takes aboard bunker coal, stores, fresh lines and harpoons, and puts out to sea again. There is no shore leave. Not a minute is wasted. Blubber and meat are cut into lengths and boiled separately in Hartman steam-pressure boilers at a pressure of

sixty-five pounds, the blubber requiring less time for rendering and yielding a better-grade oil. Every part of the whale is utilized. Even the bare skeleton is crushed into a crude bone meal which finds a ready market as poultry food.

Leith station is capable of dealing with fifteen blue whales every twenty-four hours. This means dissecting fifteen mammals of from 80 to 110 feet long, averaging one ton per foot, rendering them into oils of varying grades, tapping and barrelling (or storing in tanks) and grinding down the skeleton. Within twenty-four hours not an unemployed vestige remains of the fifteen leviathans which a day before were reveling in the ocean. So it goes on, day and night, during the season. The hard-living, hard-sweating whaler-men have little time or inclination for recreation. Nothing is thought of or spoken of but whale. The daily mounting figures of the total barbelage displayed at the slop chest are scanned with intense interest. There is considerable excitement when whalers that have visited other stations bring back figures of competitors' catches for comparison. Otherwise, shore life is monotonous.

It is to the crews of the whaling fleet that one looks for stirring tales; they are the dashing, devil-may-care cavalry of this grim army, courting adventure and flirting with disaster. Through uncharted seas, in howling gales and blinding snowstorms, they keep contact with the "enemy", drenched to the skin or frozen to the marrow for days on end. The crew consists of a master (called gunner), a mate (called stormand), chief engineer, two firemen, three deck hands and a steward. The gunner is a proved navigator and skillful harpooner. When coming up with a school of whales he takes his place on the raised forecastle beside the harpoon gun, and directs the course and speed of the whaler to the mate on the bridge by appropriate hand gestures. No word

is spoken. Absolute cooperation between gunner and mate is essential to bring the ship within effective striking distance. This is never more than sixty yards in calm seas or twenty in heavy weather.

When aim has been taken, the charge of 220 grams of nitroglycerine is exploded and the four and one-half foot harpoon, weighing 112 pounds, is sped on its deadly mission. Rarely does a shot miss. "Fast!" sings out the gunner as the shot goes home. Three seconds later a second explosion is heard, caused by the time-fuse bombhead of the harpoon going off inside the whale. The sea is lashed to fury; crimson froth spreads over a large area. The whaler races along as the whale "sounds." New lines are feverishly bent until three or four hundred fathoms have been paid out. Soon the strain slackens; the line is wound in by a powerful winch; engines go slow astern, and the mangled carcass appears on the surface, where it is inflated with air to keep it buoyant.

This is the usual course of events when the harpoon strikes a vital spot immediately behind either pectoral fin. But a plunging platform often makes a bull's eye impossible and two or three more shots have to be fired before the muscular mass is mortally wounded. In exceptional cases the whale gets away. I have seen a blue whale with three lines fast in him tow the vessel for over a mile inshore until the lines had to be cut for fear of running into shoal water. And whaling lines, made of purest Manila hemp, cost about \$10 per fathom.

Gunners earn large wages. They are paid so much per whale, the price ranging from \$50 to \$10 in descending scale for right, sperm, blue, finner, humpback and sei whales. Good gunners are almost certain to catch from 300 to 500 whales in an eight months' season, making up to \$15,000. They deserve it, these toilers of the sea, for no more onerous, ceaseless and

ever-vigilant task exists than that of the whaling gunner.

In 1919-1920 the South Georgia catch was over 300,000 barrels, of which Leith station contributed some 92,000 barrels. Then came a series of restrictions imposed by the Falkland Islands Government because of the growing fear that the grounds were becoming "overfished." There was ample material proof for this fear. Humpbacks, which in the early years formed the major part of every catch, were becoming steadily rarer; so were the right and sei whales. Whalers had to proceed farther to sea to catch "finners" and "blues" to keep up the barreleage. Following the decree that every part of the carcass must be used, there came in succession a curtailment of the number of catches allowed per station, a closed season from May to September, a fourfold increase on export duty to raise \$1,500,000 to finance a whaling survey under Sir Douglas Mawson, and finally protection for humpbacks, right whales, cows and calves.

Used to unrestricted operations, companies which had sunk their huge profits into developing the industry foresaw danger. No scientific proof was as yet forthcoming that the whale was being exterminated, and the companies resented the dictation of London through the Colonial Office. So the idea of pelagic factories was evolved. These were ships able to load and dispose of the kill at sea. From the beginning the Falkland Islands Government had issued a number of licenses for floating factories operating off South Georgia and the South Shetlands. These ships were regarded as "floating stations" and came under the same regulations as the shore stations. They were small vessels, from 3,000 to 6,000 tons, of which the Neko and Solstrife were the best known. They operated mostly at anchor in Deception Harbor and Admiralty Sound in the Shetlands during December, January and February (the Antarctic

Summer), leaving before the ice lanes closed in. From 20,000 to 30,000 barrels was a good catch.

From those floating stations grew the great pelagic whalers of the present day, ships that can keep at sea for a year or more, working as a factory and acting as parent to a half-dozen whale catchers, paying tribute to no nation and recognizing no restrictions. Here was the solution to a thorny problem. Britain might claim the greater part of the Antarctic Continent, but she had no jurisdiction over the ocean beyond the three-mile limit. The open sea is the monopoly of no power. New capital was employed and liners of 10,000 and 15,000 tons were bought up and converted into pelagic factory ships. A start was made in 1926 from Australian and New Zealand ports. Success came almost at once. In 1927-1928 the export of oil from the Antarctic was 804,000 barrels, the increase of nearly 50 per cent being almost entirely due to pelagic whaling. The factory ship Larsen, 15,000 tons, was responsible for over 100,000 barrels, or 17,000 tons of oil in that year.

The handicap to Norwegian whalers was, however, that Norway possessed no Antarctic base. Coal, provisions and gear had to be stored at the British ports of Hobart, Tasmania, or Dunedin, New Zealand, in the east and Port Stanley in the west. Oil had to be transferred at sea from the factory ship to tankers in order to escape the duty levied by Great Britain. A base within easy steaming distance of the Antarctic circle, affording good anchorage, water and facilities for oil storage was necessary. Bouvet Island, some 900 miles from the Antarctic Circle, was ideal, but Britain claimed it, as did France. Since, however, the island was to some extent mythical, being marked on the chart "P. D." (position doubtful), and certainly uninhabited and of no apparent mineral

value, it might be secured by occupying it first and negotiating about it afterward. This was done and the diplomatic dispute that arose was terminated by Great Britain's decision to waive its claim. The press, with the exception of a few sardonic remarks in French papers about being charitable with other people's wealth, was silent. Thus Norway obtained an important adjunct to the development of her second most important industry.

Meantime, whaling has been vigorously prosecuted in the Ross Sea and adjoining grounds for twelve months in the year without restriction. Every scientific development is being brought to bear upon the industry's efficiency. Today the whale is being slaughtered at the rate of 40,000 a year. New factory ships are being hurriedly built, capable of taking aboard, through a "ramp" in the stern, twelve whales and converting them into oil in twenty-four hours. In April, 1931, the Sir James Clark Ross, one of the most modern of factory whalers, delivered to an American soap manufacturer 55,000 barrels of whale oil worth between \$1,500,000 and \$2,000,000, the result of eight months' cruising and a catch of 1,444 whales. Early in July the Kosmos II, of 34,000 tons, the largest and most elaborate floating whale oil factory ever built, put to sea for a trial run. Just at present, however, the actual business of whaling is largely halted by an overproduction of the oil through the efficiency of these gigantic pelagic plants, and the Norwegian industry has agreed not to operate this year in order to allow absorption of the oversupply. But, according to some experts, the day of undersupply is not far off and then whaling will belong to the industries of the past and its romance will linger only in the pages of such books as Melville's *Moby Dick*.

The Use of Torture in America's Prisons

By ALBERT BUSHNELL HART

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WITH few exceptions torture is illegal in every State in the Union, either to elicit testimony or as a punishment after conviction of a crime. In no State can a man or woman legally be put to torture or threatened with torture or death in order to secure a conviction for crime or to compel testimony. The logic of these limitations is perfectly simple. Torture does not bring the truth from the victim; it brings whatever the victim thinks will be most likely to end the torture.

The recent report of the special committee of the Wickersham Commission has disclosed the habitual cruel and barbarous use of tortures of various kinds by officers of justice in city and local prisons throughout the United States and in some State penitentiaries.

The first and most widely distributed form of torture is the third degree, the merciless interrogation of a person accused of crime in order to secure confession. The third degree is applied to men and to women, to old and young, to hardened criminals and to first offenders; in thousands of cases it is used against innocent persons unreasonably accused of crime. Legally a man who knows his rights may refuse to make any answer unless allowed legal advice and the presence of counsel. What if the police continually ignore such appeals to inalienable rights? What if the jailer—as is usually the case—

refuses to stop his infernal questioning? The old serpent of torture continues its work, for the whole purpose of the third degree is to break down the mental resistance of arrested persons.

Several responsible prison heads have assailed the Wickersham report on the ground that it interferes with the detection of crime. That claim is absolutely contrary to the salutary principle of English common law, in force in most of the States of the Union—that every person charged with crime is presumed to be innocent until proved guilty. The foundation stone of the third degree is that presumably the person is guilty and must be browbeaten, threatened and worn out, by torture, if necessary, to the point of admitting guilt. Such a result is considered a triumph for the interlocutor, and an avoidance of complicated and expensive court proceedings.

Before the publication of the Wickersham report it was known that the third degree was being used in literally thousands of cases every month in spite of the fact that it is entirely without warrant of law except perhaps by twisting a statute. It denies the legal right of a person charged with crime to have legal advice, as to his status and his rights. To permit the continuance of the third degree is to give up a sacred principle of human freedom which our forefathers gained by centuries of effort. The

third degree means, further, the establishment, contrary to statutes and constitutions, of a system of court procedure and judicial decisions which, though illegal, have the force of law, inasmuch as it is very difficult to reach the courts by an appeal, after a confession has been extorted or a statement twisted into the form of confession.

Half the guilt of the third degree is its secrecy. Possibly of some aid would be the introduction of a system which used to be required even by the Inquisition, namely, that all questions and testimony, before or after indictment, should be committed to writing, of course by a person who was neither the judge nor the prisoner. That would go far toward checking the iniquities of the third degree, for it would at once relieve undue pressure upon prisoners and the repetition of questions until a prisoner testifies against himself.

The recent outbreaks in some of the largest prisons of the United States are a proof, not so much that the criminals are getting worse, as that the present methods of housing, employment and discipline are out of date. The proof is to be found in such incidents as the recent burning alive of large numbers of prisoners in the penitentiary at Columbus, Ohio, because there was a difference of opinion between the jailers as to who had the right to unlock the doors.

A great part of the brutality toward helpless prisoners can be relieved by providing more prison space, although the rapid increase of prisons is a very unhappy commentary on American civilization. Apparently what the country needs is not more prisons but more good prisons, and particularly greater facilities for visits, for inquiries and contacts direct with criminals, particularly by officials other than wardens and their assistants in the penitentiaries.

The report of the commission emphasizes also the brutality rife in or-

dinary city prisons and lock-ups. Many of the quarters for prisoners are small, crowded and unfit for habitation. Again, the officials, particularly in city prisons, frequently "beat up" their captives, partly as a warning to make no further trouble, partly as punishment and partly to relieve their own cruel minds. The ordinary city tough is not an easy person with whom to deal, and may be expected to evade prison rules and discipline when possible. Nevertheless, he has personal rights which cannot be ignored without real danger to the innocent. Society has a joint right to insist that prisons shall be clean, decent and humane.

The reception of the Wickersham report by some of the jailers who protested that "our child killers ain't going to be left to themselves!" shows that the ordinary jailer, though he may have a wife and little children at home, believes that he is entitled, law or no law, to force confession by what is substantially torture. The Supreme Court of the United States has laid down the law in this particular by ruling in a test case that evidence elicited by torture was no evidence and must be absolutely disregarded.

The most disheartening revelation in the report on prison conditions is that such cruelty and illegality and denial of sacred human rights can go on in hundreds of places, year after year, without an uprising of decent people. It is the decent people who have most to suffer from the illegality and cruelty of jailers who depend on torture in securing evidence. It is the decent people who should demand that rights essential to free government shall not be denied by a body of public servants paid out of the public treasury, and specially designated to maintain the sacredness of the law and rights of human beings. The use of torture to elicit evidence, once admitted, destroys the fabric of human rights built up by hundreds of years of conflict between the governors and the governed.

The Age of Man

By WATSON DAVIS

Managing Editor, Science Service

THE origin of man is a question which still appears at nearly every scientific meeting of any size today. There is but little radical difference of opinion as to what is seen when the broad and thrilling picture of organic evolution is viewed by scientists. Man has his place with the rest of animate nature, the highest of the animals, among which he has evolved. But the details of the story of man's evolution are not all clear.

At the recent celebration in London of the centenary of the British Association for the Advancement of Science, the president of that great organization, General J. C. Smuts, once a Boer leader against England, internationalist and philosopher, summed up evolution's place in the scheme of things as follows:

"The acceptance of the theory of evolution has brought about a far-reaching change in our outlook on the universe and our sense of values. The story of creation, so intimately associated with the groundwork of most religions, has thus come to be rewritten. The unity and interconnections of life in all its manifold forms have been clearly recognized. And man himself has had to come down from his privileged position among the angels and take his proper place in the universe as part of the order of nature. Thus Darwin completes the revolution begun by Copernicus."

Sir Arthur Keith, eminent British anatomist, stated the conclusion which all scientists of repute, regardless of how they may differ in details, will

accept: "So far as it goes, the palaeontological evidence now available favors the theory formulated by Darwin in 1870, namely, that man and anthropoid apes are the descendants of a common stock. If, in the next fifty years geological records accumulate at the rate they have done in these past fifty years, our knowledge of man's origin will be founded not as ours is on reasoned inferences, but on ascertained fact."

Some six kinds of fossil remains of ancient man have been discovered. As to their relations to modern man and to each other the experts do not all agree, but the oldest of these human beings is about 1,000,000 years old, not old in terms of the earth's age, but of considerable antiquity from a human standpoint.

Probably the oldest of these six varieties of man is *Eoanthropus*, the Dawn-Man of Piltdown, found just before the World War at Piltdown, England. Only recently has he been crowned with this honor. Professor Henry Fairfield Osborn, president of the American Museum of Natural History, long a student of human and animal evolution, has devised a method of dating the bones of ancient men by the remains of the elephant-like creatures whose bones are found in the same deposits.

The period of man's last long stretch of evolution divides into three stages. The Pliocene period, according to geologists, was the time when the true elephants first appeared. It was followed by the Pleistocene or Glacial

Age, during which elephants underwent an extraordinary evolution. In the past few thousands of years, the period that geologists call recent, the elephant has been hunted for its ivory, its bone and its flesh, although only two species survive. Human fossils have been more or less roughly dated by the fossil elephants and other mammals with which they have been discovered, but Professor Osborn has now found a method of more precise determination of age. He measures very accurately the enamel composing the ridge plates of the elephant grinder teeth. The more ancient the elephant, the less the enamel length. Thus the teeth of an elephant can be used to test the antiquity of the man who hunted it and was buried with it.

In his first test with this new gano-metric method, Professor Osborn enthroned *Eoanthropus* as the oldest fossil man and dethroned the famous *Pithecanthropus erectus*, the ape-man of Java found by the Dutch physician Dubois in the 1890s. Professor Osborn holds that *Eoanthropus*, whose meager remains can be seen encased in the British Museum of Natural History today, lived in the upper Pliocene Age, while the Java man lived in the middle of the Ice Age, the Pleistocene.

Other famous fossil men are the *Sinanthropus*, represented by skulls found in China during the last five years and recognized as important evidences of human antiquity; and *Palaeoanthropus*, represented by a lower jaw found near Heidelberg in 1907. As to whether these oldest humans are the direct ancestors of present races of mankind, there is some doubt. Anthropologists are fairly well agreed that the low-browed Neanderthal man, whose bones have been found widely over Europe and Western Asia, is not a predecessor of modern man but a human variety that was pushed into eternity by the modern races when they arrived on his scene. The Heidelberg man is considered to be an ancestor to the Neanderthal. As to the

skull of the Rhodesian man discovered a few years ago in Africa, Sir Arthur Keith ventures the opinion that this early man will turn out to be an early form of Negro. Between these quite human creatures of a million years or so ago and the more remote common ancestor of man and ape, there is a long gap in the skeletal record which the future will need to fill.

Just when man and the apes parted company in the branches of the family evolutionary tree is a matter of friendly but vigorous scientific controversy. For instance, Dr. W. K. Gregory of the American Museum of Natural History and Professor G. Elliot Smith, the British authority, believe that the human line separated from the common stock in Miocene geologic times after the anthropoid stock became big bodies and quite highly developed. Sir Arthur Keith thinks it came a little earlier, and Professor Henry Fairfield Osborn holds that the creatures that were to be ape and man parted company still earlier. That man and the apes had a common ancestor is agreed; just how remote is the cousinship is the question.

For the present there is a small and primitive form of gibbon that, according to Sir Arthur Keith, serves as a fixed point from which students of human evolution may begin their speculations. It is *Propriopithecus*, whose teeth and lower jaws were found in Egypt in 1910 by Professor Max Schlosser. It lived at the beginning of the Oligocene period, some 35,000,000 years ago. It had the erect posture peculiar to the higher primates.

So the fascinating and encouraging story of man's rise to his present leadership of the animal kingdom is being read in the record of the rocks and written in the annals of science. Instead of debasing man, as antagonists of Darwin and Huxley contend, the story is always one of hope and encouragement.

Current History in Cartoons



FRANCO-RUSSIAN TRADE TREATY
France: "But, grandmother, what big teeth you have!"
—*De Groene Amsterdammer*, Amsterdam



MAHATMAS ALL
British Taxpayer (to Gandhi): "Hello, old man, you know Snowden, too!"
—*Daily Herald*, London



CUSTOMS UNION: FRENCH TRAINING
Germany-Austria: "We won't do it again!"

—*De Notenkraker, Amsterdam*



UP IN THE AIR

—*St. Louis Star*



WITHOUT CREDENTIALS

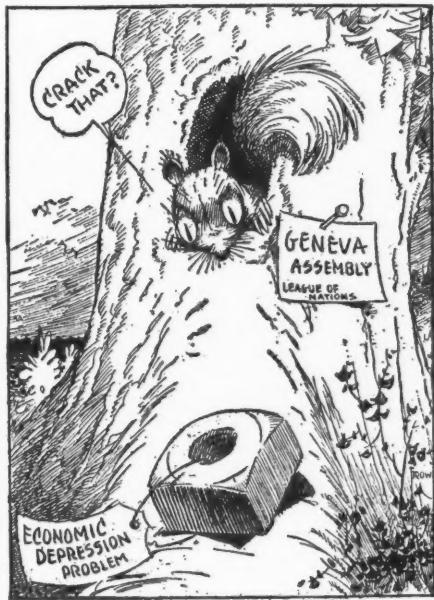
—*St. Louis Post-Dispatch*



SURPLUS IN PETS
—Des Moines Register



A ONE-MAN DOG
—New York Herald Tribune



MACHINE-AGE NUT
—New York Herald Tribune

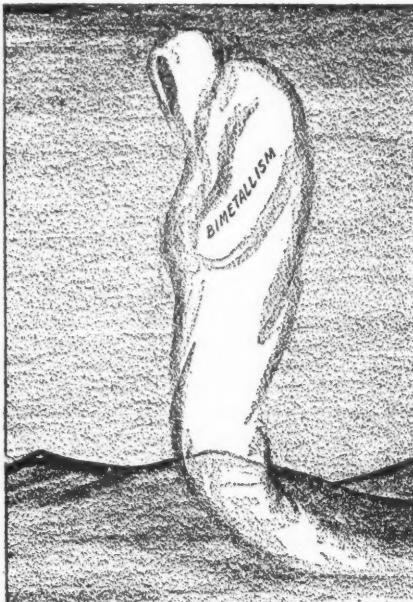


"SKINFLINT!"
—Philadelphia Public Ledger



THE INTERNATIONAL SPHINX

Daily Herald, London



THE GHOST OF 1896 APPEARS
St. Louis Post-Dispatch



THREE-YEAR PEACE PLANT
Mars: "Congratulations!"
Kladderadatsch, Berlin

A Month's World History

Obstacles to Disarmament

THE assembling of the disarmament conference in February, 1932, is now not so very far away, but the major issues that must be decided, if the conference is to have any measure of success, are very far from solution. The Preparatory Commission has, it is true, provided a skeleton draft treaty, good so far as it goes, but this has very little relation to fundamentals. If anything substantial is to be accomplished, the nations must attack and measurably resolve the dilemma involved in the position of France and her allies that security must precede disarmament, and the stand of substantially all the other powers that security can be attained only after disarmament. Until this has been determined, all discussions of trained reserves, of budgetary limitation, of tonnage and the calibre of guns, all the substance of the draft convention, are of secondary importance. These factors are but pawns in the game, to be moved about the board in support of the pieces of superior value.

International questions, and indeed those of internal politics, are seldom decided by a logical and straightforward procedure; the practical politician must approach his end by means that are indirect. When the delegates assemble at Geneva, the real issues will be masked behind the discussion

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of matters of detail, the determination of which would be easy could there be an agreement on fundamentals. The technical questions involved are too complex to be generally understood, and the average reader, in attempting to form an opinion about them, is soon lost in a maze of contradictions. The real issues are much more clear, but unfortunately they are not very well understood by the American public.

As things stand at present, the leading rôles at Geneva will be played by France and the United States, for their points of view are most violently opposed. The position taken by Great Britain, Germany, Italy and probably the Soviet Union will depend very largely upon their action. However divergent may be their interests, they all might be harmonized by French and American concessions.

At the end of the war France very naturally sought security. Restrained by President Wilson in her attempt to crush Germany and reduce her to complete impotence, she did succeed in securing a treaty based on the undivided responsibility of the Central Powers for the war, which imposed on them almost complete disarmament, territorial adjustments which have created a number of Alsace Lorraines and reparations that were meant to be punitive. She accepted

the League, not because at the time her leaders had very much confidence in it, but because in Article X it buttressed the status quo, and because of the promise of Great Britain and America to come to her aid if attacked. When America repudiated the League and President Wilson's pledge, France felt betrayed. Immediately she began to build, in her treaties with Belgium, Poland and the Little Entente, a line of defense surrounding Germany, and an army that, quite apart from her power through the League, has made her the strongest nation in Europe. She resists, and will resist, anything and everything that might lessen her power and prestige. She has sought constantly, and will seek, to strengthen the sanctions of the covenant against an aggressor. Blocked in her attempt to do it through the Geneva protocol and the treaty of mutual assistance, she secured something through the Locarno treaties—but she is not yet satisfied. Until this is accomplished, she proposes to hold on to her army. When, after Germany was admitted to the League, the demand for disarmament became insistent, she acquiesced "in principle," but, like all the other powers, she has fought every proposal that would reduce her relative strength.

The documents on which the friends of peace everywhere are basing their demand for positive action are related to the treaty of Versailles and the covenant of the League. In Part V of the treaty one reads: "In order to render possible the initiation of a general limitation of the armaments of all nations, Germany undertakes strictly to observe the military, naval and air clauses that follow." The covenant, in Article VIII, states: "The members of the League recognize that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement, by common action, of international obligations." In Article

XVI are the words: "It shall be the duty of the Council * * * to recommend to the several governments concerned what effective military or naval forces the members of the League shall severally contribute to the armaments of forces to be used to protect the covenants of the League." Moreover, in their reply to the German delegation on June 16, 1919, "the Allied and Associated Powers [stated that] they wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of military aggression. They are the first steps toward that general reduction and limitation of armaments which they seek to bring about as one of the most fruitful preventives of war, and which it will be one of the first duties of the League of Nations to promote."

In no sense does France deny the imperative necessity for action, but she bases her position on two grounds. So long as the status quo as established by the treaty of Versailles is threatened by demands for revision, her security is uncertain, and she cannot reduce or limit her armed forces. She alone must be the judge as to what is "the lowest point consistent with national safety." She calls attention to the fact that her promise to reduce her armanent was a contingent one; and that as yet no proper provision has been made for the "enforcement, by common action, of international obligations." In several recent statements she has made it quite clear that her program at the coming conference will be based on this position. If she insists on this point, and no other way is found for meeting her objections, the conference seems doomed to fail.

A consultative pact may be that way. America has only to agree that in case of a threat of war the precedent set during the past month in the Manchurian incident will be followed.

If America will declare that she will not, by asserting neutral rights of trade, take the part of a nation determined by the Council of the League to be an aggressor, it is not unlikely that the French position will be modified. The members of the League accept the fact that we are quite within our rights in refusing to join with them in an organization which, with all its weaknesses—and many of them are due to our non-participation—has demonstrated that it is the best agency for the maintenance of peace ever designed by the hand of man. That, they admit, is our business. They welcome our cooperation, in increasing measure, in its affairs. They do insist diplomatically that if, as we profess, we are anxious for peace and disarmament, we should at least declare that we will not take the side of an aggressor against the League. As yet our government has declined to take this stand. There is no doubt that Mr. Hoover is determined to do whatever seems to be within his power to make the conference a success, and in the Departments of State, of War and of the Navy active preparations for it are going on.

Although our representatives at the Preparatory Commission have always declined to admit of any sort of budget limitation, there is reason to think that this question is being reconsidered. Secretary Stimson recently declared that our attitude on the subject has not yet been determined. On account of our high costs, the comparison can hardly be a direct one, but it may be that some factor of the compensation can be applied. Although officially it is stated that naval questions have been settled, so far as the United States is concerned, until after the conference in 1935, no one really believes that they can be excluded from consideration at Geneva. Our determination to insist on battleships of 35,000 tons is sure again to be questioned.

The response of our government

to the proposal for "a suspension of the execution of the new armament programs until after the disarmament conference," initiated by the Italian Foreign Minister Grandi before the Assembly of the League on Sept. 8, was most gratifying. At the request of the Assembly, Hugh R. Wilson, Minister to Switzerland, was authorized to sit with the Third Commission "in a consultative capacity." Mr. Wilson's limitations, however, seemed to hamper him but little, for in a vigorous speech on Sept. 24 he voiced the approval of the plan by our government, excepting only our destroyer program. The objections of France, Poland and Japan were sufficient to prevent the passage of the original proposal, and the resolution that was adopted on Sept. 30 was completely denatured. The alignment of Japan with France and her allies was a disturbing feature of the debate.

Mr. Hoover and his spokesmen stress particularly the importance of disarmament to financial recovery. If the great sums that are being spent on armament could be turned into productive channels, he argues, confidence would be restored and the crisis passed. There are hints, frequently repeated, that he has a plan for linking disarmament with the reduction of reparations and war debts. How it is to be brought about no one knows. It seems certain that anything that could be interpreted to mean that a nation would sell its "security" for dollars would be resented very bitterly. If the bargain were decently veiled, it might be accomplished. The only official statement that has recently come out of Washington is that contained in the final paragraph of Mr. Hoover's announcement regarding the banking pool on Oct. 7, in which he said: "It is my purpose to discuss [with M. Laval] the question of such further arrangements as are imperative during the period of the depression in respect to intergovernmental debts."

No progress seems to have been made in an adjustment of the differences between France and Italy as regards naval tonnage. Conversations are still going on. Late in August the French sent a memorandum regarding it to Italy, and the Italian Government made a counter-proposal which was favorably received in France, but which was not acceptable to Great Britain. Both France and Italy were willing to give up the construction of the 23,333-ton capital ships and of the 34,000 tons of aircraft carriers, but Great Britain desires to have them retained in the treaty as a counter-weight to the American demand for 35,000-ton battleships.

Both the League and our own government have received more or less criticism for what has been styled their weakness in dealing with the Manchurian incident. Such criticism fails to take into account the realities of the situation. The conflict of interest between China and Japan in that area is too delicate a matter for immediate settlement by the League or by any other organ as yet developed. There is no evidence that either

government intended to precipitate trouble, but when armed forces of two nations, between whom there is irritation, are camped near each other, incidents are bound to happen which may very readily develop into serious conflict. Had it not been for the League the difficulty would have been precipitated. The Council acted as a buffer between an angry China and an irritated Japan. The resolution which was passed on Sept. 22 opened with the words: "The Council, including China and Japan, unanimously decided * * *." It appealed to both nations to abstain from every act liable to aggravate the situation and to withdraw their troops. Its action was immediately communicated to Washington, and two days later Secretary Stimson dispatched identical notes to China and Japan of substantially the same purport. While the trouble is not yet settled, further hostilities have been avoided at this writing. The incident is of great international importance in that it establishes a precedent of consultation between the League and the United States and an agreement on common action when war threatens.

Work of the League Assembly

THE Twelfth Assembly of the League of Nations adjourned on Sept. 29 after considering a wide variety of world problems. Following the usual custom, work was divided among committees. Each country has the right to be represented on these committees where every League activity is decided upon after thorough discussion. Usually when the committee reports are presented they are accepted unanimously by the Assembly.

The First Committee of the Assembly, under the chairmanship of M. Scialoja of Italy, considers legal problems that arise. This year seven ma-

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jor matters were discussed. The committee recommended a procedure to be followed for the progressive codification of international law, profiting from the comparative failure of the codification conference at The Hague in 1930, which proved that the most careful preparation and preliminary study are necessary.

The League has adopted many conventions only to find that there was not enough public opinion behind them to secure ratification by the great majority of nations. For instance, the protocol on poison gases, pushed through at the insistence of the United States, has been ratified

by only twenty-eight States. To correct this situation the committee recommends a more careful preliminary study before a conference is called and a treaty prepared for adoption.

The committee evaded the question of the nationality of women. Although most women demand absolute equality of the sexes, contending that any rule which applies to the nationality of a man should apply equally to a woman, the International Union of Leagues of Catholic Women is in opposition, believing that the family should be the unit. As a result the League committee merely recommended further study by the governments until the next year's Assembly.

For two years amendments to the statute of the Permanent Court of International Justice have been in abeyance because of the reservations of Cuba. On Sept. 23, 1931, however, the Cuban representative announced that the Cuban Senate would shortly withdraw its reservations.

The most important problem of the committee on legal matters was the attempt to revise the covenant of the League in harmony with the Kellogg pact. The pact is vague and general in its terms, where the covenant is explicit and definite. Moreover, the covenant has served fairly well and apparently should be amended only when urgently necessary. On the other hand, most League supporters desire to overcome the weakness in the covenant which allows a country to go to war if all other means of settling a dispute have failed. The Assembly accepted the committee's plan for the appointment of a special committee of all members of the League to meet during the coming disarmament conference to determine a possible agreement.

The Assembly has accepted the idea of a special committee on elections to the Council. At present, the Council consists of fourteen members, including the five permanent members and an informal grouping—that is fast

becoming traditional—of three South American powers, one Scandinavian, one Asiatic, one British dominion, two re-eligible countries—Spain and Poland—and one representative of the Little Entente. Since eleven countries thus would never have a chance to be represented on the Council, Portugal has suggested the addition of a member to the Council to remedy this situation.

The second committee, that on the work of the technical organizations, approved the work of the organization for communications and transit, including its work on the buoyage and lighting of coasts and on preparation for the coming conference on calendar revision. The organization was asked to give special attention to large public works the world over that might relieve unemployment. The long-talked-of convention to prevent the extinction of whales was adopted by the committee on technical organizations and opened for signature. It becomes effective when ratified by eight States, which must include Great Britain and Norway. Six countries signed immediately. [See the article, "Whaling: A Modern Industry," by Martin O'Callaghan, on pages 244-248 of this magazine.]

The third committee of the Assembly, concerned with armaments and security, considered the "general convention to strengthen the means of preventing war," which outlines in detail how the Council can proceed in case of crisis and what the nations will do in withdrawing their forces behind a specified neutral zone. This convention has now been adopted by the League and is ready for submission to the nations.

An armament truce was proposed by Italy and, in different form, by the Scandinavian countries, in an attempt to establish a friendly and favorable atmosphere for the coming disarmament conference. It was evident that no progress could be made without the collaboration of the non-member

States, and they were invited to sit with the committee for that purpose. The United States, Costa Rica, Egypt and Turkey accepted. An elastic agreement was finally reached, when the Assembly asked all governments to signify by Nov. 1 whether they were willing to enter an agreement to "refrain from any measure involving an increase in armaments." Only twenty-five nations out of sixty reported to the League on the conditions of their armaments, but these twenty-five include all the more important nations.

The fourth committee, concerned with the internal organization of the Secretariat, faced the problem of reducing League expenses to a minimum. Some countries have found themselves unable to pay even their small dues. Nicaragua, for instance, has formally asked the League to be excused from her 1931 payments. There is still due about \$600,000 in back dues, although most of the nations in arrears are gradually paying. The budget of the League for 1932 as finally adopted, including the expense of the new buildings and of the disarmament conference, was about \$7,000,000.

SOCIAL QUESTIONS OF THE LEAGUE

Some of the most important work of the League comes under the jurisdiction of the fifth committee, that on social problems. The convention adopted at the narcotic conference of last Spring has been signed by thirty-five nations. Further progress is hoped for at the opium-smoking conference to be held at Bangkok on Nov. 9. A conference is now sought to limit the production of raw opium and coca, the final step in the suppression of illicit traffic in narcotic drugs.

The Nansen International Office for Refugees, under the presidency of Max Huber, is now semi-autonomous, but reports to the League. It is planned gradually to reduce the

budget for this work from the present \$70,000 per year until all activity terminates in 1939.

One of the most startling facts of the whole Assembly meeting was brought out in the discussion on slavery. There are still 5,000,000 slaves in twelve regions of the world, including China, Arabia, Ethiopia and Liberia. The British delegate was most anxious that the League appoint a permanent slavery commission to supervise the gradual abolition of the practice, but League financial considerations prevented the appointment of more than a small subcommittee of experts to collect data.

The Commission of Inquiry for European Union is to be continued. M. Briand has been elected its president, while the commission has appointed a committee to study the Soviet pact for economic non-aggression. Several non-European States—the United States, Japan, China, Australia, India and Chile—have been invited to participate in its deliberations.

As a part of its regular routine, the Assembly elected the three non-permanent members of the Council. Spain was declared re-eligible and was re-elected. China took the place of India and Panama of Venezuela.

THE LEAGUE COUNCIL

The sixty-fourth session of the League Council concluded on Sept. 14. Finland has brought before the Council her dispute with Great Britain over ships hired by Russia during the war but used by Great Britain. Finland has demanded payment for the ships lost, but Great Britain maintains that the responsibility is Russia's. The dispute was continued to the next session, which was opened on Sept. 19. The Council also took up the perennial minority troubles between Poland and Germany and Poland and Danzig. In both cases, the atmosphere was cleared somewhat. It was decided

to seek an advisory opinion from the World Court on the question of whether Polish warships should be allowed to anchor in the harbor of Danzig. The World Court was also asked to give an advisory opinion on the financial relations of Greece and Bulgaria as affected by the Hoover moratorium.

RATIFICATION OF LEAGUE CONVENTIONS

An unusual number of ratifications of League conventions was received during the meeting of the Assembly. Greece ratified the Mortgage Credit Convention, the General Act for Pacific Settlement of International Disputes and the Bills of Exchange Convention. Italy ratified the Optional Clause for Compulsory Jurisdiction of

the World Court and the General Act. Sweden signed the Mortgage Credit Convention and will ratify it, subject to ratifications by Norway and Denmark. Denmark also signed this convention. Brazil ratified four of the conventions adopted at The Hague conference for the codification of international law having to do with citizenship, military obligations and other questions arising in case of double nationality. Estonia ratified the General Act. Poland ratified the Customs Formalities Convention. Ireland ratified the Opium Convention of 1925. Czechoslovakia and Yugoslavia have ratified the Relief Union Convention and the Netherlands the Convention on Arbitral Awards. Czechoslovakia ratified the Counterfeiting Currency Convention.

President Hoover's Plan to Check The Depression

SOON after midnight of Oct. 6 President Hoover issued from the White House a plan, designed to assist domestic banking, which conceivably outranked in importance all other relief measures thus far undertaken in the business depression. In its main features the plan proposed, first, the establishment of a \$500,000,000 fund, to be furnished by national and other banks, for lending money to banks outside the Federal Reserve System, with the object of generally assisting business through "rediscount of banking assets not now eligible for rediscount at the Federal Reserve banks," and second, special aid to agriculture by the subscription of further capital stock by the government to the Federal Land Banks, in order that the farmers "may be assured of such accommodation as they may require * * * and may obtain their funds at low rate of interest."

By ROBERT W. MORSE
Current History Editorial Staff

The President's statement followed a three-hour conference he had held at the White House on the evening of Oct. 6 with four administration officials, including Secretary Mellon, and thirty-two leading Senators and Representatives of both parties, who agreed to support his program before the next Congress. This conference in turn had followed upon another, two days previously, between the President and "a small group" of leading Wall Street bankers whose names were not divulged. It was known, however, that these financiers represented the country's largest banks, the Chase National, the National City and the Guaranty Trust Company, as well as J. P. Morgan & Co., since twice between the two conferences chairmen, presidents and partners of these institutions met in New York to discuss the situation, and upon President Hoover's announcement of the new

proposal they promptly added their assurance of support to that of the Congressional leaders. The New York City Clearing House Association agreed to contribute \$150,000,000 toward the \$500,000,000 fund, while other large centres assured the President of their support also.

Evidence of the President's determination to put the general plan into effect, in case of any inadequacy of the proposed measure, was shown by his statement: "Furthermore, if necessity requires, I will recommend the creation of a finance corporation similar in character and purpose to the War Finance Corporation, with available funds sufficient for any legitimate call in support of credit."

The President's action was without doubt taken primarily to check bank failures, many of which, though relatively small, were causing considerable distress. The number of such suspensions in August was 154, less than recently, but with a larger amount of deposits, namely, \$226,022,000. As is well known, the suspended banks were forced to close by reason of "frozen assets" and the withdrawal of funds by nervous depositors. Light on the latter point came with the news that the cash "in circulation" on Sept. 30 was \$5,246,000,000, an increase of \$754,000,000 in a year. Unfortunately, a good deal of it was not in actual circulation, if reports of private hoardings be true. With respect to the "frozen assets," the Federal Reserve System is regarded in many quarters as now out of date as far as the securities which it may accept for loans are concerned. The law in its present form excludes a corporation's own stocks or bonds as security for a loan, whereas the administration is said to concede that often such securities are of the highest grade. On Oct. 6, on forecasts of the results of the President's conference with the Congressional leaders, stock market prices averaged the highest advances in nearly two years.

Concrete plans for the organiza-

tion of the new system, to be called the National Credit Corporation, were announced on Oct. 11 by Mortimer N. Buckner, head of the constitutional committee and president of the New York Clearing House Association. Funds of the corporation will be available to banks in all parts of the country and will not be restricted solely to the districts in which they are raised. Subscriptions are asked on the basis of 2 per cent of the net demand and time deposits of all commercial banks in the forty-eight States. As the deposits of these institutions amount to about \$43,000,000,000, the full levy would provide \$860,000,000. An initial levy of 20 per cent, about \$172,000,000, was expected to be sufficient for some time.

These arrangements were at once approved by leading bankers of the nation. Only among farm interests was there a tendency to be critical. While supporting the farm relief provisions of the plan, as far as they go, Senators Borah, Frazier and Brookhart declared that the need for legislation of the debenture or equalization-fee type had not been diminished. From France, also, came somewhat disquieting reports of an underground campaign there to discredit the dollar, by the charge that the United States had shown itself in this credit plan to have embarked upon a policy of "wholesale inflation." The campaign, similar to that recently employed against the pound, had no official sanction, as was evidenced by reassuring articles in the government press. On Oct. 12, the day following the unrest, Randolph Burgess of the Federal Reserve Bank of New York arrived at Basle, Switzerland, to explain the plan to the World Bank, where governors of eight central banks of issue were already conferring on plans to restore confidence.

REDUCTIONS IN WAGES

Despite President Hoover's urgings soon after the business depression

began that wages be not reduced, the United States Steel Corporation and the Bethlehem Steel Corporation announced on Sept. 23 that wages would be cut 10 per cent. The former organization is the world's largest industrial enterprise and its action affected 220,000 employes, while saving the corporation \$25,000,000 a year. The Bethlehem Steel Corporation's cut affected 50,000 employes. Almost simultaneously, as was feared, a number of other prominent manufacturers followed suit. General Motors cut its salaries by 10 to 20 per cent, but not its wages. The United States Rubber Company established a five-day week, with no change in the hourly wage scale, thus entailing a loss of one day's pay to employes. Copper and textiles were the other major industries to join in the movement.

The steel industry had long tried to maintain the policy of supporting wages at pre-depression levels, as promised by business leaders to President Hoover in January, 1930. Wage earners in many other industries had already suffered cuts, even if indirect ones, as for example, through reduced working hours, and it was at once pointed out that for some time this had been the actual situation within the steel business itself, since the Steel Corporation's output has lately been but 35 per cent of its ingot capacity. One argument for the reduction of wage scales was based on the present reduced cost of living, but it was naturally weakened by the facts regarding the reduced working hours. Another argument, by no means new, assumed that business in general would be able to improve, though not, of course, through the reduced purchasing power of the employe, because more employment will ensue, with an eventual increase again of the wage scale.

This theory was attacked by William Green, president of the American Federation of Labor, on the ground that by no juggling of accounts could the decreased purchasing

power of the United Steel Corporation's employes amounting to \$25,000,000 contribute to a return of prosperity. Elsewhere it was recalled that the corporation's annual dividend on common stock had fallen from \$7 to \$4, and it was suggested that if the \$25,000,000 were distributed to the stockholders, the dividend would be increased by \$3.50. According to this, purchasing power would merely be transferred from one class to another.

President Hoover was reported as "shocked" by the news of the wage cuts, but made no statement. The stock market momentarily spurted upward, but once more fell. Many economists held that the wage cuts were inevitable and could not be construed as a breach of faith with the administration, since the promise had been made to maintain previous wage levels only as long as possible.

NAVAL ECONOMIES

The President on Sept. 28 announced drastic cuts in United States naval building programs for both 1931-32 and 1932-33. These involved the laying of no new keels in 1932-33, though work on vessels already under construction was to continue, and the postponement or possible abandonment of the construction of six of the eleven destroyers authorized for 1931-32. But this was not all, for on Oct. 2 Admiral William A. Moffett and eight Rear Admirals, heads of bureaus of the Navy Department, were summoned in conference by Secretary Adams to see what further radical economies could be effected, such as cuts in personnel or operation, and were given three weeks in which to work out plans.

The amount of money to be saved by reduced construction was at first reported to be approximately \$150,000,000, but administration spokesmen presently explained that both the construction holiday and the further economies would save only \$60,000,000, as desired, from the naval

budget of \$401,000,000 for 1932-33, while less than \$10,000,000 would be cut from shipbuilding items in the budget of 1931-32. Total construction costs for new ships are allocated over the number of years required for building them. The building holiday will therefore save, not the entire cost of the ships concerned, unless they should never be built, but only at present what would have been needed in the current fiscal year and the next for preliminary construction. Seven cruisers now building are unaffected by this program. The construction to be dropped, apart from the six destroyers, is chiefly in aircraft and submarines.

Whether the lead taken by the United States had any connection with some private agreement for reciprocal cuts by Great Britain and Japan, the other chief naval powers, or whether there was simply hope that it would set a good example was not known. It was recalled, however, that a few days earlier Senator Borah had urged a five-year international naval holiday. Further, there had been Italy's proposal, linked by many interpreters to Secretary Stimson's midsummer visit to Rome, for a general military holiday until the disarmament conference.

At once so keen an opposition to the retrenchment program developed from semi-official navy interests as to draw from President Hoover indications of pronounced vexation. The dissenters were led by the Navy League, a civilian organization dating from the "Big Navy" days of Theodore Roosevelt, whose birthday, Oct. 27, is now celebrated as Navy Day. The Navy League has no official connection with the Navy Department, but it is obvious that naval officers are in sympathy with it. Secretary Adams alone in the Navy Department is said for the moment to have the President's entire confidence. The Navy League's chief torpedo against the reduction program had been previously launched in a statement designed to show that be-

cause of ships becoming over-age, the three leading naval powers would stand in the following ratio in under-age ("fighting trim") auxiliary tonnage at the close of 1932: Great Britain, 15; Japan, 12.7; the United States, 10. The London treaty fixes an approximate ratio of 5-5-3 between the United States, Great Britain and Japan, respectively.

Senator Hale, chairman of the Senate Naval Affairs Committee, and Representative Britten, chairman of the House Naval Affairs Committee, announced that they would introduce in Congress a bill calling for a \$750,000,000 naval construction program, "as Congress is charged by the Constitution with providing adequate defense."

The first vigorous support for Mr. Hoover, besides that of Representative Wood, chairman of the House Appropriations Committee, came from Senator Borah, who said: "The President is extremely modest in what he asks. He could have gone much further and been well within reason and common sense."

THE AMERICAN LEGION

The thirteenth convention of the American Legion, held at Detroit in September, was remarkable for its treatment of two national issues. These were the questions of further loans by the government to the veterans up to the limit of their compensation certificates, 50 per cent loans being at present provided, and of a referendum on repealing or modifying the Federal prohibition laws. Following a plea from President Hoover, made in person, the convention rejected the "bonus raid" by 902 votes to 507. At the same time the liquor referendum proposal, on which the President had not touched, was ratified by 1,008 votes to 394.

The first gun against the "bonus raid" had been fired a week before the convention by General James C. Harbord, who declared to a Legion conference on unemployment that he

could not imagine "anything more ridiculous than going to Detroit with a program to relieve the whole country in one hand and a tin cup in the other." The loan proposal, however, continued to be urged so persistently that at the eleventh hour the President, persuaded by Secretaries Stimson, Mellon and Lamont, decided to go to Detroit and speak. His address, short, simple, indicating only the major facts of treasury difficulties and appealing to the veterans to enlist in the fight for stability and recovery, "a need second only to war," could hardly have been better designed for its hearers and was very largely responsible for the rejection of the "tin cup" proposal.

Meanwhile, the convention was determined from the start to bring to a vote the prohibition issue, which had been twelve times shelved at previous conventions. Most of the railroad cars and automobiles in which the delegates traveled to Detroit were chalked by them with the slogan, "We Want Beer!" Even after the President's address, this chant broke out in the convention hall while the President was departing. By Sept. 24, when the proposal was being discussed on the floor, so uproarious had the majority Wet faction become that the Drys practically abandoned their opposition.

A rumor that the White House was examining statistics of employment in the beer industry before prohibition was enacted, with a view to possible restoration of legalized beer for revenue gains, proved to be unfounded.

THE SECRETARY OF WAR AT MANILA

Patrick J. Hurley, Secretary of War, arrived at Manila on Sept. 1 to investigate the question of Philippine independence and remained in the islands until Sept. 26, traveling through their entire length, 1,150 miles, and questioning representative groups of all factions. The importance of the visit lies in the more recent

agitation for independence, both in the islands and in the United States, where many business interests favor it because no protective tariff now exists on Filipino products which compete with American goods, while in the event of independence such a tariff would almost certainly be imposed. Mr. Hurley's visit also has tended to balance the effect of Senator Harry B. Hawes's visit earlier in the Summer, when the Senator declared himself in favor of immediate independence.

Mr. Hurley stated that on his return to Washington late in October his findings would be reported to the President and that Mr. Hoover would then announce a policy. Yet two significant items reached the public during his stay in the Philippines, which indicate that once again immediate independence is unlikely. In the first place, Mr. Hurley found the Filipinos themselves divided on the question, both openly and secretly. Both the non-Christian Filipinos, mainly the Mohammedan Moros of Mindanao and Sulu in the South and the Igorots of the mountains in the North, urged America to retain control. These non-Christians, numbering 500,000 in a population of 12,500,000, fear extinction at the hands of their Filipino brothers if the latter should win independence, because the Moros, in particular, possess valuable lands on which the other Filipinos have designs. Many Filipino business men, Mr. Hurley said, had told him in private that they do not wish independence, because they fear losses from tariffs and political instability, but they would not say so publicly, since then they would be boycotted by "patriots." Mr. Hurley also announced that "the most striking declaration" he had heard was that of one Teofilo Astella, assistant auditor of Bontoc, who, when asked what benefits the Filipinos would gain by independence, replied: "We would run the Americans out of the country."

Dwight F. Davis, Governor General

of the Philippines, has announced that he will soon take leave of absence in order to go to Paris on a visit to his invalid wife, who has had to live apart from him during his two years of office because physicians have warned her of the dangers of a tropical climate. Because of this prolonged separation Mr. Davis has wished to resign, said Mr. Hurley, but both Mr. Hurley and Filipino politicians have prevailed upon him to retain his post. From the Filipinos this is no small tribute, since the Governor General has sometimes pressed unwelcome legislation upon them.

PRESIDENTIAL CANDIDATES

The outstanding event of the past few weeks in the preliminaries to next year's Presidential campaign was the announcement by Calvin Coolidge, in an article in *The Saturday Evening Post*, that he would not be a candidate for the Republican nomination. In view of the importance of harmony and cooperation at present, it would be, he declared, "a distinct disservice to promote a factional conflict against a President in office." Though Mr. Coolidge thus went on record in favor of Mr. Hoover's renomination, the President's name was nowhere mentioned in the article.

The only other possible candidate of importance for the Republican nomination so far suggested is Senator Borah, who has not declared himself, but whose name as the leader of the Progressive wing comes almost automatically before every Republican National Convention. While it is considered highly improbable that he could be nominated as a Republican, his control of a number of votes might be sufficient to enable the Progressives to insert certain party planks into the platform in return for support of the regular candidate.

In the Democratic camp the swing to Franklin D. Roosevelt has gained

such headway that most observers now consider his nomination as nearly certain as can ever be predicted so far in advance, though Alfred E. Smith, Democratic candidate in 1928, had not yet followed Mr. Coolidge's example in declaring for his rival and was still seen as "receptive," though discreet. The tentative candidacy of Newton D. Baker experienced an eclipse when his speech at the American Legion convention, which was expected to be the leading address there and to sound a keynote as to his availability, was overshadowed by President Hoover's address to the veterans. Governor Albert C. Ritchie of Maryland, definitely a candidate, is attracting attention by writings and addresses on topics related to States' rights. In a straw vote of 1,000 industrial and financial directors in every State except New York, Owen D. Young took second place with 288 votes to 405 for Mr. Roosevelt.

DEATH OF SENATOR MORROW

The services of one of America's ablest men of affairs were lost to the nation in the sudden death on Oct. 5 of Dwight W. Morrow, Republican Senator from New Jersey, former Ambassador to Mexico, a leading member of the London naval conference and frequently discussed as a Presidential possibility, though not a candidate against Mr. Hoover, whose personal friend he was. Mr. Morrow, who was 58, died of brain hemorrhage in his sleep at his home in Englewood, N. J., while his daughter and son-in-law, Anne and Charles Lindbergh, were in China on an airplane trip.

Mr. Morrow's death left the membership of the Senate with 47 Republicans, 47 Democrats and one Farm-Laborite. A Republican successor by appointment of the Governor of New Jersey was anticipated, to hold office until the election next year.

Mexico in the League of Nations

THE invitation to Mexico to enter the League of Nations and its prompt acceptance by Mexico

were events of outstanding historical significance during September.

At the opening session of the Twelfth Assembly of the League of Nations on Sept. 7, 1931, the following resolution, offered by the delegations representing Great Britain, France, Germany, Italy, Japan and Spain, was presented: "Considering that Mexico is not mentioned in the annex to the Covenant among the list of nations invited to adhere; and considering that, in all fairness, the League should remedy this omission so contrary to its spirit, the Assembly recognizes that Mexico should be invited to adhere and give the League its useful collaboration as it should have been invited in the beginning."

This resolution was adopted by the Assembly on the following day and that same night Genaro Estrada, Mexican Foreign Minister, announced that Mexico would accept the invitation to enter the League. On Sept. 9 the Mexican Senate unanimously ratified this action and at the same time the Mexican Foreign Office published its message of acceptance, in which assurance was given that Mexico does not recognize the Monroe Doctrine, which is referred to in Article XXI of the Covenant of the League of Nations. Former President Emilio Portes Gil, at present Mexican Minister to France, Foreign Minister Genaro Estrada and Fernando González Roa, a well-known international lawyer, were appointed as Mexico's delegates to the League of Nations.

Mexico for the past twelve years has remained aloof from the League of Nations because she was not included on the original list of States invited to enter that body. Ostensibly

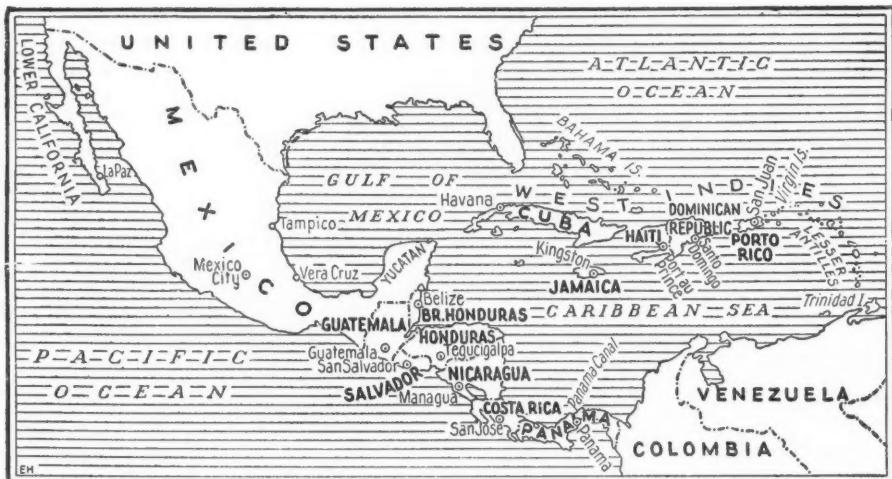
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the reason for the omission was that at the time neither the United States nor Great Britain recognized the Mexican

Government, but the real reason, it has been suggested, was the personal animosity of President Wilson to President Carranza, the crisis then existing between Mexico and the United States over the question of American petroleum rights in Mexico, and President Carranza's pro-German leanings during the World War. According to David H. Miller, in his book, *The Drafting of the Covenant*, United States Secretary of State Lansing favored inviting Mexico to enter the League, but Lord Robert Cecil (now Viscount Cecil of Chelwood) opposed, and President Wilson decided in favor of excluding Mexico. In his annual message to the Mexican Congress on Sept. 1, 1919, President Carranza, reviewing the action by which Mexico was excluded from the League, said: "Our government has done nothing, nor will ever do anything, to enter into that international society, because the bases upon which it was formed do not establish, either as to its functions or as to its organization, a perfect equality for all nations and races."

Agustín Edwards of Chile, President of the Third Assembly, on Sept. 30, 1922, officially deplored the absence of Mexico from the League. An invitation to become a member subsequently was extended to Mexico but it was refused on Sept. 14, 1923, on the ground that as long as the Mexican Government remained unrecognized by Great Britain, "Mexico will be forced to decline suggestions that she apply for admission to the League."

When the resolution of the great powers inviting Mexico to enter the League was presented to the Twelfth



MEXICO AND CENTRAL AMERICA

Assembly on Sept. 8, 1931, nine delegates spoke in favor of it, but none mentioned President Wilson's responsibility for Mexico's having been excluded originally. Viscount Cecil of Chelwood, however, stated: "I am not sure that I ought not to acknowledge that I was, in part, I suppose, guilty of it. It therefore gives me particular pleasure to take part in remedying an omission which never should have been made." He added that "this invitation is a correction of an omission made at Paris when the formation of this League was considered."

RESTRICTION OF MEXICAN CLERGY

Following the example set by the State of Vera Cruz in July and August, other States in Mexico have subsequently taken action in restricting the number of Catholic priests who may officiate. Archbishop Ruiz y Flores, the Apostolic Delegate in Mexico, recently summarized the legislation regulating the number of priests as follows: Vera Cruz, thirteen priests for a population of approximately 1,000,000; Chiapas, nine priests for 350,000 persons; Tabasco, prohibition against any priest officiating in religious ceremonies; Yucatán, nine

priests for 400,000 persons, the number having been reduced by thirty-two.

Archbishop Ruiz y Flores expressed satisfaction on Sept. 9, the day that Coahuila had rejected a proposal to reduce the number of priests in that State. On Sept. 26 the Archbishop charged Governor Tejeda of Vera Cruz with having "sent emissaries to the northern sections of Mexico in order to forward the restriction of priests throughout the country." The Archbishop also expressed the fear that the Vera Cruz legislation restricting the number of priests would be adopted in the States of Chihuahua, Sonora and Michoacán.

The decision of the Catholic Episcopate to postpone petitioning for the reform of the Mexican Constitution to effect "sane and just religious liberty" was announced by Archbishop Flores on Sept. 15.

Disturbances of a minor or local character occurred in Mexico during September. Seven men were reported to have been killed and ten injured on Sept. 4 in clashes at three ports, including Vera Cruz, between rival factions of stevedores. The attempted assassination of several agrarian leaders in Chihuahua City and the

filing of charges of rebellion against others there were reported on Sept. 10. The removal of Andres Ortiz as Governor of the State of Chihuahua has been sought for some weeks by organized agrarians and his political opponents in that State. An attack by a mob numbering 500 on several automobiles bearing American citizens back to El Paso occurred on the night of Sept. 15, at a point just south of the international bridge in Juárez, Chihuahua. One casualty was reported. Officials in Juárez characterized the demonstration as not anti-American but merely the work of a few disgruntled individuals. Mexican troops were sent to Ensenada, Lower California, on Sept. 25 when a band of seventy-five or more "agrarista" families, or "squatters," moved on privately owned land and threatened violence if disturbed. American property owners were among those whose lands were thus occupied.

"More than 50,000 Mexicans have returned to their native land this year [from California], either at their own expense or at county cost," according to an estimate in the September Bulletin of the California Department of Industrial Relations. The Bulletin states that 1,800 Mexicans were sent home at the expense of various California counties in September, 1,300 going from Los Angeles. Mexico has been able to find places for thousands of Mexicans returning from the United States without serious difficulties. Juan Andreu Almazán, Mexican Minister of Communications, declared at Saltillo on Oct. 3 that compared with other countries Mexico is in a fortunate economic position.

The decision of the American Government not to comply with the request of the Chinese Government to exercise its good offices in behalf of Chinese residents of the Mexican State of Sonora, whose deportation was begun during August, was announced on Sept. 10. The basis for

this decision was that the United States Government had received no expression from the Mexican Government indicating that the exercise of good offices would be welcomed—an action which is customary in such cases.

CUBA RECOVERS POLITICAL STABILITY

Cuba apparently achieved political stability during September after the abortive revolution in August and the subsequent promise of long-sought constitutional reforms. Normal police activities in Havana were resumed on Sept. 6 when traffic police went on duty for the first time since the recent revolutionary outbreak and policemen who had been formed into special reserve companies returned to their regular posts. All armored cars and ambulances which had been assembled at the central police station of Havana were sent back to the Department of Public Works. Censorship of telegraph and cable messages was officially lifted on Sept. 18.

Constitutional reforms which it is hoped will ease Cuba's economic and political difficulties were endorsed by President Machado in a public address on Sept. 8 and were adopted by the House of Representatives nine days later. The action of the House, if followed by the Senate, will make elections possible in 1932 and the retirement of President Machado two years before the end of his present term. The proposed constitutional changes provide for the revival of the office of Vice President, which was abolished in 1928; the calling of a general election in November, 1932, or January, 1933; the designation of holders of Cabinet portfolios as members instead of secretaries, subject to the approval of Congress; the reduction of the minimum age of the President to 35 years; a six-year term for the President with immediate re-election barred; a nine-year term for Senators; and the immediate appointment of a Vice President by

the Supreme Court to serve until the next election.

Dissatisfaction with the proposed constitutional reforms was expressed on Sept. 22 by Dr. Cosme de la Torriente, representative in Washington of the Cuban opposition political parties. "The proposed reforms do not satisfy the opposition," Dr. Torriente said, "nor meet with the approbation of the people in Cuba. In the first place, they do not provide for new elections of all public offices which are now illegally held by Machado's creatures. Machado's gesture of reform is primarily to impress and hoodwink public opinion in foreign countries, especially in the United States, where he is contemplating obtaining new loans. The so-called reforms now pending in Cuba have their ill-disguised purposes of perpetuating in office the friends and supporters of Machado, with Machado behind the scenes but still in power."

A slash of 25 per cent in the \$60,000,000 Cuban budget for 1931-32 was effected by President Machado late in September through a reduction of the personnel in all governmental departments. Government salaries already have been cut three times and are now 50 per cent of the 1930 rate. It was estimated that as a result of this action 10,000 employees would be off the government payroll on Oct. 1. Announcement was made that there would be no suspension of payments due on the national debt, which includes a \$270,000,000 foreign debt and an internal floating obligation totaling \$12,000,000.

HAITIAN GOVERNMENT

The administration of Haitian affairs for the most part was transferred to the Haitian Government on Oct. 1, in accordance with the agreement signed on Aug. 5 by United States Minister Dana G. Munro at Port au Prince and the Haitian Minister of Foreign Affairs. In an-

nouncing the change of authority, the State Department at Washington on Oct. 1 said:

It represents a complete transfer to Haitian authority of all services, excepting the office of the Financial Adviser-General Receiver and the Garde d'Haiti (the gendarmerie force of Haiti), both of which services require especially careful attention and safeguards on account of the obligations assumed by this government jointly with that of Haiti in connection with the bond issue made under the provisions of the treaty of 1915, the additional act of 1917, and the protocol of Oct. 3, 1919.

In the services returned to Haitian authority, speedier Haitianization has been effected than the recommendations of the Forbes commission and even that at first proposed by the Haitian Government itself.

In the case of the Garde d'Haiti, it is not practicable to withdraw American officers immediately because of the necessity for first training Haitian officers to replace them. This fact was recognized by the Forbes commission, which published in its report a table setting forth a suggested schedule for the replacement of the American officers. Since the commission's visit the process of training and promoting Haitian officers has proceeded at an even more rapid rate than that contemplated in this table, so that there is every indication that trained and experienced Haitian officers will be available to replace all American officers in the Garde before the expiration of the treaty in May, 1936.

REBEL ACTIVITY IN NICARAGUA

Sandinista insurgents in Nicaragua during the two months preceding Aug. 20 participated in twenty-three fights, in one of which six United States marines and fifty-three national guardsmen were killed, according to a statement reaching Tegucigalpa, Honduras, on Sept. 6. A rebel camp near Sajonia was surprised by Lieutenant Ragsdale, commanding a national guard patrol, on Sept. 26; in hand-to-hand fighting, five bandits were reported to have been killed and twenty wounded. There were no casualties among the guardsmen. In five engagements between patrols of national guardsmen and insurgents on Sept. 24 and 25, ten in-

surgents were reported killed and twenty-two wounded. Brig. Gen. Brachman of the Marine Corps reported that there were no casualties among the guardsmen.

PANAMAN CABINET RESIGNS

The entire Panaman Cabinet resigned on Oct. 5 as a result of a deadlock between Francisco Arias, Secretary of the Interior, and Harmodio Arias, Panaman Minister to the United States, both of whom are seek-

ing the nomination of the administration party for the Presidency.

The designation of Narciso Garay, former Panaman Minister of Foreign Relations, and at present Minister to Great Britain and France, to represent Panama on the Council of the League of Nations, was made by President Alfaro in a decree issued on Sept. 18. Panama, in mid-September, was elected to membership on the Council of the League, taking the place vacated by Venezuela.

The New President of Chile

ON Oct. 4 Dr. Juan Esteban Montero, the lawyer who has acted as President of Chile after the overthrow of President Ibáñez, was elected President by a large majority, receiving approximately 180,000 votes to 100,000 for his leading opponent, Arturo Alessandri, who was President of Chile from 1920 to 1925. The two Communist candidates, Hidalgo and Lafertte, received between them a total of only 3,785 votes. The new President will take office on Dec. 3 for the constitutional term of six years. Montero had taken leave of absence from the acting Presidency until this election, and the actual direction of affairs has been in the hands of Manuel Trucco. It is probable that Montero will now reassume the acting Presidency only long enough to resign that office to Señor Trucco, who will continue to function until the inauguration in December.

The new President intends to devote himself to the task of reconstructing the country's economic fabric, of reviving domestic industry without prejudice to foreign business enterprises, and finally of paying Chile's debts. His program includes also immediate attention to the problem of

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the unemployed, of whom Chile has, according to various estimates, between 80,000 and 125,000. The election of Señor Montero implies that no radical action will be taken against "Cosach," the Chilean nitrate combination formed during the Ibáñez régime.

President-elect Montero has never held public office except for his brief experience in the Blanquier Cabinet during the last days of the Ibáñez régime. He is a professional man, not a politician. He did not seek the Presidency. Even his opponents recognize his patriotism and civic spirit. He ought to make a conspicuous record in the field of administration, rather than that of politics, the kind of success Latin America genuinely needs.

As an aftermath of the naval mutiny about a dozen sailors and petty officers, ringleaders in the revolt, have been condemned to death. Some forty others have been sentenced to terms ranging from three years to life imprisonment. Petitions for clemency were placed before General Carlos Vergara, the Minister of War, as soon as the decisions of the various courts-martial were made known. The Chamber of Deputies of Uruguay also telegraphed the Chilean Cham-



SOUTH AMERICA

ber, asking for clemency for the mutineers.

ELECTORAL CAMPAIGNS IN PERU AND ARGENTINA

Presidential elections were held in Peru on Oct. 11 to select a President from among four candidates: former Provisional President Luis M. Sánchez Cerro, Víctor Raúl Haya de la Torre, Arturo Osores and José María de la Jara Ureta. Other aspirants, including Rafael Larco Herrera, former Minister of Finance, withdrew their candidacies. Señor de la Jara Ureta, Minister to Brazil, was nominated by the newly formed Decentralized party. As the name indicates, this group had as its chief party plank a scheme for a federal type of government for Peru, intended to satisfy the aspirations of various departments for greater local autonomy. As has been pointed out here, rivalry between north, south, centre and east has played a large part in Peru's political disturbances. This

the new party aimed to correct. Its platform also included development of mineral and agricultural resources, construction of needed railroads and encouragement of immigration. Early settlement of the foreign debt was another article in its platform. Colonel Sánchez Cerro represented the Right, Haya de la Torre the Left, or "Aprista," group, and Osores was supported by labor. While the Decentralist party entered the campaign late, it was thought to have a good chance, not only because of the personal popularity of its candidate, who lived in exile in Buenos Aires for six years during the Leguía régime, conducting a journalistic campaign against the former dictator, but because the program of the party sought to reconcile the claims of various regions. Because of the leading position in the new group of Señor Martinelli, a brother-in-law of President David Samánez Ocampo, and because the personnel of the Provisional Government itself represents a compromise between Arequipa and Lima, the Decentralists were thought to have the support of the present government of Peru.

Argentina, with elections announced for Nov. 8, had three candidates for the Presidency when nominations were closed on Oct. 8. These were General Agustín Justo, candidate of the National Democrats (Conservatives), anti-Irigoyenist Radicals, and Independent Socialists; Dr. Lisanthro de la Torre, candidate of the Progressive Democrat-Socialist Alliance, and Dr. Marcelo T. de Alvear, candidate of the "Personalista," or Irigoyen wing of the Radical party. Of these Señor de Alvear, who preceded former President Irigoyen as President of Argentina, has been living in exile, along with other deported Radical leaders, in Rio de Janeiro, Brazil. Dr. de Alvear has been "vetoed" as a Presidential candidate by General Uriburu, the Provisional President, on the ground that he is constitutionally ineligible under Arti-

cle 77 of the Constitution, which provides that a former President may not be re-elected until a full Presidential term—six years—has elapsed since his last term in office. Since the Vice Presidential candidate, Guemes, has been declared guilty by the Provisional President of complicity in the unsuccessful revolt in Corrientes Province, he also has been "vetoed" as a candidate. The Radical group which nominated ex-President de Alvear in a party convention in Buenos Aires on Sept. 28 realized that President Uriburu would "veto" his candidacy, but apparently wished to place upon the shoulders of the President responsibility for possible non-participation in the election of a large section of the Radical party. In reply to the constitutional point raised, adherents of de Alvear contend that the people are entitled to express their will in the present unusual circumstances, and that the President himself has arbitrarily set aside the Constitution by deportation of political opponents, restrictions on campaign activities and cancellation of Radical voters' names on the registration books, thereby preventing "free elections." The President's assertion of the veto power on Presidential candidates is in itself, they assert, a violation of the Constitution.

A curious feature of the situation is that ex-President de Alvear, who had been living in Europe during the interrupted term of Dr. Irigoyen, was not originally an Irigoyen supporter. He returned from Europe at the time of the revolution of last year in the expectation of being able to unite both wings of the Radical party under his leadership. This did not prove to be possible, and events have apparently driven him into his present position, while leadership of the anti-Irigoyenist wing has been assumed by General Justo, Minister of War in the Cabinet of de Alvear when he was President. General Justo may be in an especially favorable position in the circumstances. He

played an important part in the revolution of 1930, but quickly dissociated himself from President Uriburu when he realized that the latter did not intend to hold early elections, thereby escaping a great deal of the criticism to which the latter has been subjected. At the same time he is supported by all the Conservative groups, now combined in the National Democratic party, and as a titular Radical may benefit by the support of great numbers of Irigoyenist Radicals if ex-President de Alvear's name is eliminated from the ballot, or if abstention from voting by supporters of de Alvear gives the Conservative groups the balance of power. Vice Presidential candidates, in addition to Señor Guemes, are Julio Roca, named with General Justo on the National Democratic ticket; José Nicolás Matienzo, named with General Justo on the anti-Personalist ticket, and Nicolás Repetto, candidate with Dr. de la Torre on the Progressive Democrat-Socialist ticket.

Federal "interventors" in Mendoza and San Juan provinces are accused of irregularities by opponents of the present government, who charge that political opponents of the President are being persecuted. Raúl Lencinas, candidate for Provincial Governor in Mendoza, has protested against repeated arrests by the provincial authorities on charges subsequently proved false. His family has long been active in the affairs of the Province.

ARGENTINE FINANCIAL TROUBLES

Financial difficulties of the national and provincial governments of Argentina show no amelioration. On Oct. 7 the province of Buenos Aires had to suspend payment of September salaries and operating expenses. The province's troubles are ascribed to heavy losses incurred in the purchase of sterling and dollars to meet payments on the foreign debt. The province of Santa Fé on Sept. 26 as-

sumed responsibility for meeting the payment due on Nov. 1 on the London loan of the City of Rosario. In San Juan Province all provincial moneys on deposit in the Bank of the Nation have been attached by a creditor with a claim against the province for about \$127,000. In a speech to the Chamber of Deputies on Sept. 26, Enrique Uriburu, the National Minister of Finance, stated that Argentina faces a budget deficit for 1931 of approximately \$24,000,000.

THE CHACO DISPUTE

The international sore spot of South America, the Chaco, was further irritated on Sept. 25 by another clash between border forces of Paraguay and Bolivia, the second in the month of September, with casualties totaling seventeen dead and nine wounded. The latest encounter took place in the vicinity of Fortín Jamací. It further complicates the task of the five neutral governments in bringing about either the proposed non-aggression pact or a final settlement of the whole Chaco question. Proposals by the neutrals—Colombia, Cuba, Mexico, Uruguay and the United States—that negotiations concerning the proposed non-aggression pact begin in Washington on Oct. 1 met

with objection by both countries, according to a statement issued at Washington on Sept. 28. Bolivia proposed postponement until her representative might be present in Washington, Paraguay until November in order that her representative might be instructed. Meanwhile, feeling is rising in both countries, making still more difficult the task of composing their differences.

In two other countries—Ecuador and Brazil—with Provisional Presidents, prospects for early elections are not bright. Ecuador will not hold elections until September, 1932. Some hope was expressed that Provisional President Vargas might announce the new Brazilian elections on Oct. 24, the first anniversary of the assumption of power by his government following the successful revolution of last year. On Sept. 19 Brazil suspended foreign debt payments. The acting President of Ecuador, Colonel Larrea Alba, was denied "extraordinary economic powers" by a Congressional committee on Oct. 3, on the ground that such action would be unconstitutional. The President had requested the grant of special powers on the ground that it was necessary "to save the country."

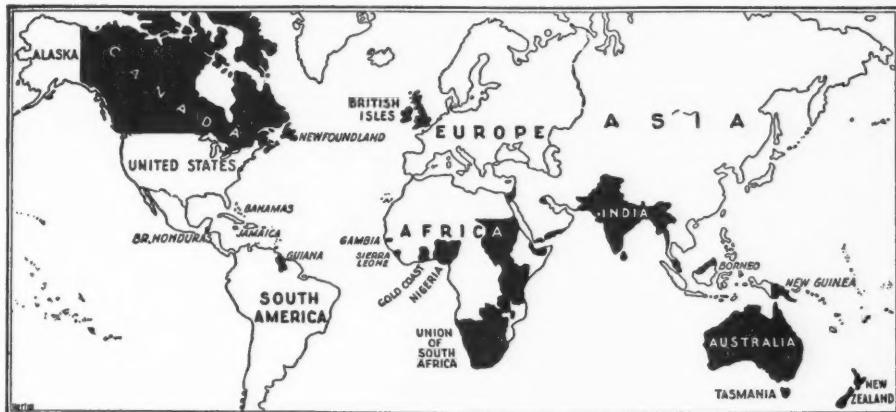
The British Election Campaign

THE Prime Minister opened the British general election campaign on Oct. 7—the day on which Parliament was dissolved [see article, "Great Britain's Political Crisis," on Pages 182-188 of this magazine]—by a manifesto on behalf of his government and a radio address. His appeals showed every sign of having been designed so as to induce voters to subordinate party principles to an act of faith. In effect he asked that the nation give *carte blanche* to him and

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his associates to watch over and regulate the recovery of Great Britain from the domestic and international crises. In the circumstances, he was very vague as to principles. Both his addresses were in terms of the most general good intentions.

Thus the pound must be stabilized, but no indication was given as to what the level would be. The government had "determined to balance our imports and our exports," but Mr. MacDonald failed to specify the means.



THE BRITISH EMPIRE

"The government must be free to consider every proposal likely to help, such as tariffs, the expansion of exports, the contraction of imports, commercial treaties and mutual economic arrangements with the Dominions." So it went throughout both addresses. "Nobody can set out a program of detail." Labor's program had been a miracle of political precision compared with this.

The radio address, which was an attempt to simplify economic issues for the electors, was particularly vulnerable to criticism. It was impossible to decide whether some of its doctrines were errors in economic logic or a public confession of past errors. Any able member of the Labor opposition could use the materials of the address to prove that it confused the issues before the nation. This was notably true of the section which was devoted to an appeal to Labor and to the British housewife.

It was not clear, for instance, why the pound must decline if Labor won the election, nor why inflation would threaten to accompany that process under Labor and yet had presumably not done so under the National Government. When tricky terms like "inflation" and "stabilization" were applied to the very complex structure of British currency and economic life, much of the comment on "standard of

living" became either inexact or contradictory. The voter could only decide whether or not to take the chance that Mr. MacDonald's group could carry out his promise to protect "the living of the wage-earners from one end of the country to the other." The Prime Minister asked him to believe that "this is no banker's ramp, no mere anxiety of the City." Possibly in such confused times as these a very general and rather confused manifesto, studied with appeals to faith, was better calculated to win votes than the lean, uncompromising Labor platform.

From an international point of view, greatest interest attached to Mr. MacDonald's repeated remarks on the necessity for reconsideration of the obstacles to international commerce and finance, including war debts, reparations and frozen credits. Naturally, he could not say much about tariffs as barriers to international trade. "We must all work together, finding our special wealth and prosperity in mutual helpfulness and in common action."

The Prime Minister said that the National Government "must not involve the loss of political identity" and events seemed to prove him right. Sir John Simon headed about twenty-five Liberals who had dropped their opposition to a tariff. The Conservatives

decided not to oppose them at the polls, but undertook to risk the three-cornered contests in order to check the Lloyd George Liberals, including Sir Herbert Samuel and Sir Donald MacLean, Ministers in the National Government. Similar bargains were to be made where MacDonald's "National" Labor candidates faced Labor candidates of the official Labor party. There was no indication of what would happen where official Labor and its own independent Left wing decided to contest the same constituency.

Mr. Baldwin yielded to his Conservatives on Oct. 8 by issuing a manifesto for the party. It proclaimed the same tasks as MacDonald's appeals, but was shorter and crisper, particularly in its reference to tariffs and monetary recovery. It introduced disarmament and the relief of agriculture as subjects of concern and stressed imperial economic collaboration. F. W. Hirst, an economist, made public a platform for the free-trade Liberals on Oct. 8. It contained no novel features, but damned protection for most of the world's ills. On the same day Mr. Henderson spoke out in defense of Labor's official program in a way which showed that he had followed his party toward the Left. Several observers commented on the irony of British appeals for policies imitative of the United States at a moment when American conditions were anything but happy.

As the campaign began, hopes were high in the Conservative and "Nationalist" camps, but Labor was dejected. The Labor party missed the tactical skill of MacDonald and the warm emotional qualities in him which make him a great leader. Neither Mr. Henderson, whose claim was based on his loyalty, nor Mr. Graham, who was a notable economic expert, had the requisite infectious appeal. Lloyd George, at the head of his Liberal fragment, might do, but at the moment he preferred to wait on the chance that an even division between

"Nationalists" and Labor might again confer on him the balance of power. He might even wait until the natural cleavages in a victorious "Nationalist" coalition revealed themselves and gave opportunity either for party bargaining or for a fundamental two-party division.

There were a number of significant accompaniments of the recent crisis and discord in Great Britain which fall a little outside the domestic political arena. France, for instance, was troubled both by the decline in sterling and by the prospect of a British tariff. Her trade balance, which for all 1930 was adverse by \$380,000,000, was adverse by \$400,000,000 for the first eight months of 1931. In 1930 she exported \$250,000,000 worth of goods and commodities to her best customer, Great Britain. Any obstacle to this part of her export trade was therefore serious. This circumstance was not unconnected with the visit of Lord Reading, the British Foreign Secretary, to Prime Minister Laval before the latter's departure for Washington, and there were signs that it had modified French opposition to the proposed international conference on gold which was the central recommendation of the Macmillan report.

Another accompaniment of British stress was the definite orientation of British foreign policy toward France, her present creditor, and away from Germany and Austria, her debtors. British naval policy as evoked by America's proposed naval holiday had not crystallized owing to the welter of domestic issues, but general sentiment favored British reciprocation. The outlook toward Washington has been modified to an indefinable degree by the knowledge that the British debt settlement is on a basis of capacity to pay. No one has yet hazarded an estimate of what effect the decline of the pound has had upon that capacity.

The passing of the pound also introduced an element of uncertainty into the real proportions of the various

cuts in salaries and social service payments. It was impossible to calculate exactly, for instance, whether a man in receipt of unemployment insurance was better or worse off than, say, in 1925. In spite of that uncertainty, the victims of the cuts made public protests in various ways. On Sept. 18 the teachers in thirty London schools refused to carry on their after-school activities in athletics. That night 10,000 teachers attended a mass meeting of protest. There were angry processions of unemployed in Glasgow, Liverpool and Birmingham on Sept. 24. Police precautions were increased in London following sporadic protests in Parliament Square, but on Sept. 29 a meeting in Hyde Park resolved itself into an escort for a delegation to Parliament which clashed with the police. Next day a procession to Bow Street Police Court caused trouble in Oxford Street and elsewhere en route, there was a riot in Battersea, and 4,000 postal workers paraded in protest.

The high point of disturbance, from which there has been an ebb, came during Oct. 1-3 in Glasgow and in Salford, Lancashire, where mass meetings culminated in violence. This was more unrestrained in Glasgow, where John McGovern, the Labor M. P. who had been recently expelled from the House of Commons for fighting, was arrested at the head of a protest parade which grew out of a meeting of 50,000 discontented Glaswegians. That night and for the next two days there was a good deal of violence and looting before the police got the situation in hand. It was anticipated that electioneering might kindle similar passions during the three weeks (Oct. 8-Oct. 27) of the hustings. A group of unemployed in Manchester on Oct. 7 attempted to gain admission to the City Hall and, when checked by a police cordon, began to throw all sorts of missiles, from bricks to their own tools. A free-for-all fight followed between the police and firemen and the unemployed, which ended only when

the Deputy Mayor consented to receive a deputation.

CONTINUED STALEMATE ON INDIA'S FUTURE

The second Round-Table Conference on India, like its predecessor, has run aground on the reef of the Hindu-Moslem communal problem, not to speak of the problems of the other half-dozen Indian minorities. The Federal Structure Committee, which sat first, was careful to confine itself to efforts at agreeing on machinery which should be provisional on the work of the minorities committee, but throughout its work it was steadily brought home to the delegates that the communal problem was a stumbling block which must be removed.

The minorities committee met on Sept. 28 and was at once bogged down by the demands of the Untouchables, the Anglo-Indians, the Sikhs, the Parsees, the Indian Christians and the Europeans. It adjourned on Sept. 30 so that these lesser demands (and their sponsors) could be excluded while Hindus and Moslems tried to come to terms. The first problem was to reconcile the Moslems of the majority All-India Moslem Conference to the minority Moslems who belong to the Congress party. It had been reported that on Sept. 10 on board the Rajputana Gandhi had reached agreement with Shaukat Ali of the non-Congress group along the lines of the Congress proposal for joint electorates. Yet on Sept. 11 Gandhi told the correspondent of *The New York Times* at Marseilles that the question was "almost insoluble." On Sept. 12 he told the press that he was personally willing to "sign a blank paper and let the Moslems write out whatever they choose." This presumably did not alter his directly contrary mandate from the Congress.

Next day, in anticipation of the beginning of the conference on Sept. 14, the All-India Moslem Conference through its working committee in India ordered its delegates to abstain

from discussing the federal constitution until they had received satisfaction of their demands for the Moslem minority. On Sept. 16 the Moslems succeeded in having the communal question precede status and British safeguards in the discussions. Gandhi betrayed his annoyance, but the arrival in London of the Aga Khan, head of the Indian Moslem world, seemed to promise fruitful action.

The passing of the pound on Sept. 21 (the rupee was kept on a sterling basis) and the prospect of an election in Great Britain which might return a solidly Conservative government afforded additional stimulus to quick decision. The week of Oct. 1-7, therefore, may be presumed to have been given up to a very serious effort by the Hindus and both groups of Moslems to reach agreement. The Aga Khan was most conciliatory toward Sir Ali Imam, the Congress Moslem delegate, and even toward Dr. Ansari, who came to the conference in an unofficial capacity. Gandhi appears to have done his best. Yet on Oct. 7 these efforts had failed, and, although the government promised that the general election should not interfere with the conference, the outlook was gloomy in the extreme.

Lord Sankey has not yet made his report for the Federal Structure Committee, and the accounts of its work which reached the public were chiefly of difficulties. Yet the opposition of the Maharajah of Patiala and his rival federal scheme, although repeated by him in India on Sept. 13 along the lines of Aug. 8 at Bombay and introduced to the committee by one of the lesser Princes, appear to have been bluntly and successfully disposed of by Sir Tej Bahadur Sapru. Gandhi, who on Sept. 17 somewhat unexpectedly came out in favor of direct manhood suffrage only for the village councils, with indirect election thereafter in the ascending structure of representative assemblies, was most outspoken in his disapproval of the "dilatory tactics" of the Federal

Structure Committee. It could hardly be blamed, however, when the unsolved communal problem clouded all the intricate adjustments of proportions of representation for the States and for British India in both the legislative chambers. Sir Tej Sapru issued a timely warning to the Princes that "the march of democracy is invincible," and thus did his best to keep them thinking of a federated India as a desirable alternative to the unification with British India of their own State systems.

Gandhi's arrival in Europe had all the well-advertised picturesqueness which the press could devise. He himself spoke to reporters, to members of Parliament, to the United States (by pen and radio), indeed to any one who asked him questions. He did not always succeed in separating his own views from his official mandate from the Congress, but he several times explained in simple, winning terms his well-worn creed of "truth and non-violence." In general, however, he confessed to no belief that the conference would achieve its ends. He was much embarrassed by the complexities of the political situation in Great Britain.

His most dramatic exploit was a visit during the week-end of Sept. 25 to the Darwen textile district in Lancashire, which was suffering from the economic depression and the Indian boycott. He offered a bargain. He would keep up in India his campaign for homespun, but would exclude all foreign machine-made cloth save British, if the people of Lancashire would support India's demands for freedom on terms of equality with Great Britain. No definable consequences emerged from this shrewd move.

Meanwhile, events in India were not particularly revealing, except of the Indian share in world depression. Lord Willingdon, the Viceroy, in his opening address to the Legislature had balanced a declaration in favor of "an absolutely equal position alongside the other Dominions within the

British Empire" with warnings of necessary economies. The budget, made public on Sept. 29, bore out his words, for in addition to reductions in public salaries of from 10 to 20 per cent, a surcharge of 25 per cent was placed on all tax receipts including customs and excise. The Viceroy on Sept. 14 had declared that there would be no inflation, but there is no record of how he received the declaration in London on Sept. 21 by Sir Samuel Hoare, the Secretary for India, that the rupee would be kept on a sterling basis. The Legislature was less reticent. It prepared what amounted to a vote of censure.

The Congress leaders were quiet and were observing the maintenance of non-violence advocated in Gandhi's wireless message of Sept. 2. Patel had had his request for an investigation in Bardoli granted, Nehru was ill and in mourning for his father, and Abdul Ghaffar Khan went home to the North West Frontier to discover that some of his Moslem Red Shirts were tired of being associated with Hindu political manoeuvres and wanted to get back to work on social amelioration of their own people. The Naujawan (Youth League) went on issuing war-like manifestos. India was waiting for a deed of wizardry in London and undergoing the trials of one more year of economic stress.

A climax was reached on Oct. 8 when Gandhi suggested that the minorities committee be dissolved and that the communal problem be dropped. "This solution can be the crown of the swaraj constitution, not its foundation." His apologetic discouragement was at once confronted by somewhat angry protests from the various minority leaders, who insisted on a settlement before going on. Perhaps less obdurate than Gandhi, some of them were willing to accept government arbitration of their differences. Neither side showed explicit willingness to give ground.

Prime Minister MacDonald there-

upon took a hand. The conference must not be allowed to fail. He agreed that a solution of the communal problem must precede the framing of a constitution. Past failure to agree meant nothing. Success seldom rewarded men's first attempts. "You had better go on trying. Take your responsibilities upon your own shoulders and see if an agreement can be come to. * * * The government will take action if the conference cannot go on to its end." While Britain threshed out its domestic problems at the polls, the Indians were left to themselves to do the same job in committee.

IRISH ISSUES

The republican movement became bolder in the Irish Free State during September. Drilling continued and the republican leaders made broad claims for the national resurgence in opposition to the Cosgrave government, which they asserted was under their control. There were several shooting outrages and other attacks on officials and private citizens, and during the week-end of Oct. 3 many members of the Dail were visited at midnight and warned not to support the new police bill.

The Irish Free State pound is not based on a gold reserve, but is backed pound for pound by a London deposit of sterling. Northern Ireland operates on a sterling basis. In trade, 90 per cent of Irish exports and a large proportion of imports are exchanges with Great Britain. Most Irish investments are in British securities. In these circumstances it was almost impossible for the Irish Free State to dissociate its currency and its economy from Great Britain when sterling parted with gold parity. The only independent gesture was refusal to raise the Irish bank-rate, so that for the first time in history it was $\frac{1}{2}$ per cent below London.

It was expected that an increase in exports would ensue and there did occur a revival in the linen industry of

Northern Ireland. It was a great disappointment, however, when Denmark, the Free State's chief agricultural rival in the British market, also went off gold, thus putting competition back on its old basis. One odd problem concerned the £8,000,000 of the second national loan. Half of it was floated in New York, but over 60 per cent of that half was re-purchased by Irish investors. Only their patriotism could serve to prevent them from exercising the legal privilege of demanding future capital and interest payments in dollars.

THE ST. LAWRENCE WATER-WAY TREATY

The State Department at Washington made public the fact that Canada had agreed to negotiate at once for a treaty "for development of the St. Lawrence seaway." That meant that Mr. Bennett, the Prime Minister, felt that enough of the legal and technical obstacles to a Canadian national policy in the matter had been cleared up to allow his government to treat. President Hoover in September, 1930, had planned to get around his Federal difficulties by having the treaty negotiated by a joint international commission, but he has now agreed "that, in the initial stages of the negotiations, progress would more definitely be assured by direct and verbal exchanges of views between the two governments." Major W. D. Herridge, the Canadian Minister, planned to take up official residence in Washington on Oct. 12.

The expected repercussions from New York State and the Province of Quebec were heard on Oct. 8. Frank P. Walsh, chairman of the New York State Power Authority, made public a letter of Oct. 3, addressed to President Hoover. His position, in general, was "that the respective rights and interests of the Federal Government and the State of New York in the St. Lawrence development should be agreed upon and our two governments

be in full accord before the United States Government begins its negotiations with Canada." The Prime Minister of Quebec, L. A. Taschereau, said: "I think the project is premature, in view of the existing worldwide situation and disruption of money markets." He felt that Quebec already contained power potentialities which were attracting American capital and industry. "The question of St. Lawrence transportation is but camouflage for the real objective of the development—electric power, of which the Americans are sorely in need."

The passing of the British pound added distinct burdens to Canada's load. On Sept. 19 the Canadian dollar fell to 98 cents, on Sept. 21 to 93.25 cents, on Sept. 22 to 90.4 cents, and on Sept. 29 to 86.25 cents. It has been hoped that the successful loan flotations in New York during early September would have sustained exchange, but the terrific liquidation of bank-owned securities in the United States which preceded President Hoover's \$500,000,000 credit expansion plan revealed the fact that the shrinkage in the value of Canadian-owned or optioned United States securities must be reflected in the Canadian dollar. Three Canadian brokerage firms were driven into bankruptcy by the liquidation, and the whole structure of private finance was strained to an undetermined degree.

Domestically, as Mr. Bennett declared she would, Canada remained on the gold standard. Her gold reserve of \$74,000,000 provided 52.4 per cent coverage for the outstanding note issue. Minimum prices were enforced on the stock exchanges and arrested the decline in Canada of Canadian securities, although interesting discrepancies existed as compared with prices in the United States. The United States did not want Canadian gold, and Canadian banks and the Canadian Government continued the technique whereby they have for long made it difficult to secure gold on

demand for export. It was said that both countries preferred the flotation of Canadian loans in New York to any movement of gold. Exchange began a recovery about Oct. 5 and the quotation on Oct. 9 was 90.5 cents.

It was announced on Sept. 27 that a sliding tariff would adjust exchange differences in Canadian international commercial transactions. On Sept. 29 the pound was set at \$4.8665 for customs purposes, but next day the dumping duty was invoked to take care of exchange discrepancies. The total effect, therefore, was to discourage importations from the United States and to maintain the former relations with Great Britain.

During the first week of September registration revealed 280,000 unemployed in eight Provinces with an estimated additional 100,000 in Quebec. The plans for relief embraced public works for which the Dominion will provide 50 per cent of the cost and the Provinces or municipalities the remainder. Direct relief will probably have to be resorted to in the drought-stricken portions of the West. Fourteen hundred miles of the trans-Canada motor highway remain to be built in Ontario and it was proposed to set up camps of single men to undertake that difficult and costly task during the Winter.

The difficulties of the Canadian railways brought about semi-official intimation that a commission would be set up to recommend future policies and adjust relations with other transportation. Sir Thomas White was spoken of as chairman, with the two railway presidents, one expert each from Great Britain and the United States, and two or three Canadian business men.

The total wheat situation improved. Canada has maintained her export quota and there was a distinct possibility that the 1931 surplus would be disposed of and a normal carry-over attained. The first shipment of wheat (227,000 bushels) by the Hudson Bay

route reached the port of London on Oct. 4.

RECONSTRUCTION EFFORTS IN AUSTRALIA

The Australian Federal Government and the Premiers' conference awaited in September the reply of the Commonwealth Bank of Australia and the trading banks to their request for £18,000,000 to assist and stimulate various forms of domestic enterprise and to provide public works to relieve unemployment. The banks took the position that they were seriously hampered by their undertaking to maintain large reserves to face the expected governmental deficits and they were made cautious by the uncertainty of developments in Great Britain. Mr. Scullin, the Federal Prime Minister, pressed for generosity, and Labor was insistent that something be done. The Premiers discussed the possibility of empowering the State to sell bonds on the same terms as the Conversion Loan and within the limits already set by the Federal Loan Council.

The banking group announced its terms on Sept. 17. It would provide funds to finance deficits up to £15,000,000, plus about £1,000,000 prospective savings in interest. It would carry existing relief works to the amount of £8,000,000 for 1931, with a review in December. It would provide £3,000,000 for a bonus of sixpence (12 cents) on wheat exports during the season 1931-32.

Mr. Scullin received this querulously, but the collapse of the British pound on Sept. 21 altered everything. No clear estimate of the results of a decline in the British as well as the Australian pound has been made, although Australian sterling indebtedness has of course been greatly reduced. The recent discount on the Australian pound in terms of sterling was early reduced by about one-half. The repercussions in Australian export trade were great, but confused. Domestic issues were postponed until

the results of the international situation had emerged. On Oct. 4 official opinion at Canberra anticipated the manifestoes of MacDonald and Baldwin by predicting the calling of a special imperial economic conference to promote internal imperial trade if the Nationalists should be victorious in Great Britain.

NEW ZEALAND'S COALITION CABINET

New Zealand has been going ahead quietly with the double task of recuperation after the Napier earthquake and of coping with the depression. An inter-party economic committee temporarily bridged political differences until Sept. 18, when steps were taken to form a coalition of the United and Reform parties under Mr. Forbes as Prime Minister. Labor, under Mr. Holland, provided the most vigorous opposition to the committee's

economy proposals. It preferred a 20 per cent reduction in mortgages and leases, provision for the unemployed from the consolidated fund, State-guaranteed loans for needy domestic enterprises and a number of fiscal expedients to be applied to external trade and to domestic securities. Mr. Coates, the official leader of the Opposition, supported the coalition on the understanding that it would not destroy either the United or the Reform party.

The new government was formed on Sept. 22. Following the British model, its Cabinet consisted of only ten members, five from each party. It enjoyed a commanding majority over Labor, now the Opposition. The necessity for an election has been postponed and the government is preparing a complete plan for national rehabilitation in the light of the economic committee's investigations.

Laval's Rise to the French Premiership

If we can credit the French proverb which says that travels are beneficent to youth, the French Premier will have had a very profitable Summer. In July he went to London, during September he spent a week-end in Berlin, and the latter part of October was to be occupied with a three weeks' journey to Washington. It is more than likely that this modest son of Auvergne, who has about him nothing of the cosmopolitan and who was accustomed to spend his vacations, like a French bourgeois, near Paris on his country estate, has seen more of the world during this Parliamentary recess than in the whole of his previous career. This post-war period is full, for all men in all countries, of new experiences and baffling

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situations, and for no one more than for M. Laval.

The French Prime Minister belongs in many respects to a new generation of statesmen. During the first thirty years of the Third Republic the Presidents, Ministers and Parliamentary leaders were mainly recruited from what may be called the well-to-do middle class. They were all men with a good social and intellectual background; some, like Casimir-Périer, Carnot, Jules Ferry, de Freycinet, Waldeck-Rousseau and Clemenceau, to mention only the dead, sprang from families with distinguished antecedents in industry, politics or the law. Even men of the type of Grévy, Loubet and Fallières were reared in substantial provincial homes and rose



FRANCE AND BELGIUM

from local into national prominence. Gambetta, the son of a Cahors grocer, was perhaps the only exception to this rule.

With the spread of democracy and the entry into Parliamentary life of the Socialist party, in the early 1890s, a new personnel appeared. In addition to a few workingmen, farmers and saloonkeepers of scant education who came to be elected to the Chamber of Deputies, there was also a large number of men of equally modest origin, who, thanks to their intelligence and industry and to the excellent training of French secondary schools and universities, became prominent. Beginning generally at the bar, where their oratorical talent soon brought them into the public eye, they, as a rule, first entered the municipal assemblies and then Parliament, where a career in the Opposition insured a rapid rise and flattering rewards. Then, with the experience of age and perhaps the temptations of power, they gradually dropped some of the more extreme opinions of their first years and found themselves, about the age of 40, quite willing to try their luck as leaders of this "bourgeois" society which they had anathematized in their youthful

socialistic enthusiasm. Such was, in the first decade of this century, the case of Millerand, Viviani and Briand. Such, in the third decade, has been that of Pierre Laval. It would be unjust to accuse these men of using socialism as a stepping stone and of having betrayed their faith to obtain political preferment. Their environment and the early influences that shaped their career were socialistic. It is only when they found themselves in new surroundings and confronted with new responsibilities that they discovered that they could serve the working class without acceding to the rigid demands of the Unified Socialist party.

When in May, 1913, M. Laval was elected for the first time Deputy for the district of Aubervilliers, a Parisian suburb, he was a regular member of the Socialist party. He was then exactly 30 years old. Hailing from a small village of Auvergne, where his father kept a meat market, he had succeeded by dint of hard work while proctor in small schools in obtaining two university degrees in such widely separated subjects as the natural sciences and law. Uncertain as to whether he would become a teacher or a lawyer, he finally chose the career of the latter and went to Paris.

The sons of Auvergne have proverbially gone to Paris to seek their fortune and have generally been successful. Laval found his first friends in the populous district of Aubervilliers, where he had cast his lot as a lawyer and where the Socialist label is as essential to election as that of Democrat in Georgia. His first term covered the four years of the war and ended only in 1919. The elections of 1919, which took place in an atmosphere of nationalism, did not favor the Socialists and, although he received the largest number of votes in his career, Laval was not elected. So he devoted himself to his law practice, which was by now important, and to the municipal affairs of Aubervilliers, of which he had become Mayor. Then

when the tide turned in 1924 in favor of the Left Cartel, he came back at the head of a ticket composed of Socialists and Radicals.

The popularity he enjoyed in his district had accompanied him to the House, where his industry, debating skill, modesty and winning manners marked him out as one of those men whom Premiers in quest of Ministers find always useful. He no longer submitted to the discipline of the Socialist party. In 1925 M. Painlevé made him Minister of Public Works. In the same year M. Briand chose him, first as his associate in the Presidency of the Council, then as Minister of Justice. In 1927, at 44 years of age, he left the House for the Senate, which combines with a quieter atmosphere the advantage of a nine years' tenure of office. There he showed how far he had gone on the road to independence in refusing to identify himself with any group. That did not hurt his chances, however. In March, 1930, he was placed in Tardieu's second Cabinet as Minister of Labor, and he had to defend before Parliament the intricate and contentious social insurance bill. His quiet obstinacy, his spirit of compromise and his oratorical facility won the day and increased his prestige. When Tardieu fell in December, 1930, and after M. Barthou had failed to form a Cabinet, Laval was offered the Premiership. He could not, however, overcome the resistance of his former friends of the Left. He had to wait until the downfall of the Steeg Cabinet six weeks later to achieve what was undoubtedly his ambition, a Ministry of his own.

This Ministry has lasted since January, 1931. In the face of the opposition of practically the whole Left bloc, M. Laval has succeeded not merely in maintaining but in increasing slightly the small margin of 40 to 50 votes which is all he could count on in a body constituted as is the present Chamber of Deputies. He has skillfully avoided all pitfalls and emerged

victorious from every skirmish. He has friends in all parties. His simple and unassuming method of presenting his case, his clear and terse language, his dislike for all show, which make him prefer to speak from his seat rather than from the tribune, his obvious lack of pretense and solemnity have won him many new adherents. While probably sharing all the views of his master, Briand, whom he resembles in many ways, while being at heart with the Left in their ideas on the best solutions of the European tangle, he has been obliged to steer a safe course between the bolder conceptions of his former friends and the traditional fears and suspicions of his majority. Committed by temperament and doctrine to a broad policy of international good-will, he will probably not dare present any audacious plan for the recuperation of the world. To the American public, however, this self-made man of quiet manner, modest mien and fluent speech ought to appeal as a representative specimen of the French democracy of the twentieth century.

LAVAL AND BRIAND IN BERLIN

While the projected trip of M. Laval across the ocean was expected to be a more spectacular adventure, the visit to Berlin was more daring. It took place at the appointed date, and while not fulfilling all the hopes of the optimists, at least belied the fears that it had aroused both in France and in Germany. The two Ministers, Briand and Laval, left Paris on Sept. 26, acclaimed by a crowd of 10,000 people shouting "Long live peace!" and came back on Sept. 29, having been cheered at Essen, at Liège and at Paris, by Germans, Belgians and Frenchmen, seemingly united in their enthusiasm for peace.

Everybody was relieved that no incident marred the visit. On the return trip, which had all the appearance of a triumphal march, M. Laval, who had received at the French frontier an address of felicitation, read a state-

ment in which he explained the import and results of the journey. He stated that besides accomplishing "the most delicate mission which could fall to two French Ministers," Briand and he had endeavored to facilitate the relations between the two countries. He added that the Franco-German economic commission which was devised during the meeting would be set up immediately to examine problems which interest both countries. Anticipating the sarcasm which was forthcoming because no more striking result had been achieved, the Premier asked that this modest beginning be judged by its results, saying: "Every measure which can be envisaged to overcome the misery which has come upon the world leads us nearer to stability and tends to consolidate peace."

M. Laval knew well that this apologetic tone was in order, in view of the attitude of the French press, which had received with dismay, a few weeks before, the address of the German Foreign Minister, Curtius, at the opening of the League of Nations, with its blunt emphasis on the differences separating the French and the German points of view on all problems of the day. Hence practically all the papers, although pleased by the reception given to the French diplomats in Berlin, expressed only mild satisfaction at the result achieved and sounded the usual warnings against exaggerated hopes. The more moderate papers, like *Le Petit Parisien*, welcomed this act as "the first sign of good-will," while the Nationalist paper *L'Intransigeant* called attention to the fact that on the very day that the French Ministers were in Berlin the legislative elections held in Hamburg showed an increase of 60,000 votes for the Nationalists and Extremists.

COLONIAL MINISTER'S TOUR

On Sept. 10 Paul Reynaud, Minister of Colonies, started for Indo-

China to study on the spot the political and economic problems of this vast colony in the Far East, which has been affected of late by symptoms of unrest, besides suffering from the effects of overproduction in rice, rubber and other commodities. It is the first time that a Minister has gone to Indo-China or even passed through the Suez Canal. The itinerary included a six days' stop in the islands of Java and Bali, where M. Reynaud expected to study the methods by which the Dutch, whom he termed "master colonizers," have so successfully carried on their work, and visits to Cochin-China, Cambodia, Annam and Tongking. On his return he was to pay a visit to the King of Siam at Bangkok and to the Viceroy of India at Delhi.

FRENCH VIEW OF BRITISH CRISIS

The suspension of the gold standard in England was received in France with genuine concern. The Paris Bourse was the only great exchange in Europe that remained open, however, and there was no panic, nor was the inevitable decline in stocks disproportionate. The following day some of the securities that had suffered the sharpest declines, like the stock of the Bank of France, recovered strongly, a fact which contributed to the general feeling of confidence. Foreign exchange reflected the momentous happening of the preceding days, as sterling oscillated between 105½ and 104, as compared to a parity of approximately 124.

The French press, led by the *Temps*, expressed its confidence in the strength of British credit and its admiration for British pluck. What concerned French opinion much more, however, was the threat of a British tariff upon French luxury articles, if not an actual ban upon them. Britain has been France's best customer, having bought last year nearly \$250,000,-000 worth of goods. The enforcement of the proposed Runciman bill would, according to Deputy Etienne Fougère,

president of the French Tariff Commission, increase the deficit of the trade balance by 1,800,000,000 francs (\$72,000,000). It is natural that such a prospect should preoccupy the French just at this time, when they are threatened by a budget deficit between \$300,000,000 and \$500,000,000.

RADICAL-SOCIALIST PROPAGANDA

As the legislative elections are due next year, and cantonal elections were held in October, it is natural for parties to be in fighting trim. The Radical-Socialists, who have suffered several defeats recently at the hands of their ex-allies, the Socialists, have been especially active in this respect. Edouard Herriot, who is always in great demand for addresses, whether they be on Beethoven or on politics, spoke on Sept. 20 at Thonon, in Haute-Savoie, on the radical doctrine which he declared to be "best adapted to the French temper." Camille Chautemps, former Prime Minister, speaking near Meaux the same day, emphasized the position of the Radicals between those who, on the one hand, "represent religious dogmas and social privileges" and those who, on the other hand, "want to reform society by illegal means, class struggle and dictatorship."

The third pronouncement came from a former Minister of Justice, now Vice President of the Senate, René Renault, who spoke at Draguignan in the Department of Var on the foreign policy of the Radical party. According to M.

Renault, the policy, while seeking peace, should rest on a fundamental understanding with Great Britain and the United States, a Franco-German rapprochement which must be complete and whole-hearted, and an economic *modus vivendi* with the Soviet Union, exclusive of any meddling in each other nation's internal politics. He called for an extension of the powers of the League and its delegates, accepting even a certain curtailment of national sovereignty "which has so often been, through the ages, the bane of nations." Coming to the question of disarmament, after having repeated, like Herriot and Chautemps, the French formula of arbitration, security and disarmament, M. Renault stated that the Radical party considered integral disarmament an impossibility in the present situation of the world and refused both parity of armament, which Article VIII of the covenant forbids, and the so-called right of Germany to re-arm freely. Evidently French public opinion, even in its most pacifist section, is not ready to grant Germany all the concessions that she desires.

UNEMPLOYMENT IN BELGIUM

The emergency fund established to meet the demands of the unemployed in Belgium has proved inadequate in spite of the 275,000,000 francs (\$7,650,000) contributed by the communes and provinces to the State fund of 400,000,000 francs. When Parliament reassembles, the government will seek authorization for a new loan of 300,000,000 francs (\$8,340,000).

France Moves to Reconcile Germany

THE first announcement of a forthcoming visit to Berlin by Premier Laval and Foreign Minister Briand met with strong disapproval in certain sections of the

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German and French press. The feeling of resentment in Germany over the recent abandonment of the Austro-German customs union proposal was so strong that it was feared that in-



GERMANY AND AUSTRIA

sults from the Nationalists and Hitlerites might endanger the safety and the purpose of the French of bringing about better Franco-German relations. United patriotic German organizations with a membership of more than 3,000,000 submitted a letter to Chancellor Bruening urging him to call off the French visit. The French press, likewise, was at first skeptical as to the wisdom of the visit, fearing that their statesmen might make political financial concessions to Germany.

But the rapidity with which press opinion and public sentiment can shift about in a short time was illustrated by the real enthusiasm with which Paris crowds cheered Laval and Briand as they departed for Berlin, and the equal enthusiasm with which they were hailed upon their arrival in the German capital on Sept. 26. No unfortunate incidents of any kind, such as were predicted by the pessimists, took place; the elaborate precautions of roping off the Friedrichstrasse Station and the other police measures proved unnecessary. Lodged in the Adlon Hotel, across the street from the French Embassy, and around the corner from the German Foreign Office, Laval and Briand had only to go a step for the ceremonial meals and the official conferences. Briand's first act was the graceful

one of placing a wreath upon the grave of his friend Stresemann, symbolic of the cooperation by which these two statesmen had accomplished so much at Geneva in the interests of their own countries and of Europe as a whole. Laval's request to pay a real visit to the venerable President of the Reich, instead of merely leaving a calling card, was another happy act; it seemed to wipe out the fact that Hindenburg's name stood at the head of the list of "war-criminals" who, by the treaty of Versailles, were to have been handed over for trial.

The French visit, the first which a French Prime Minister or Minister of Foreign Affairs had paid to the German capital since the Congress of Berlin in 1878, probably marks an important step toward better relations between the two countries. This was emphasized by the Wiggin report as one of the first essentials for the general economic recovery of Europe. It was to revive confidence and restore faith on both sides, after the friction over the Austro-German customs union and the demonstrations by German Nationalists and Hitlerites. By common agreement, the two Ministers, Laval and Bruening, avoided any official discussion of the more serious political questions which divide their countries — reparations, armaments, the Polish corridor or Danzig—though they may have touched upon these privately and informally. They agreed to limit their formal discussions to Franco-German economic relations, and especially to the question of setting up a joint commission for the promotion of better trade relations. This commission was a proposal of the French as a sort of moral substitute in place of the abandoned Austro-German customs union.

The official communiqué, issued at the close of the negotiations, stated that it had been decided to establish a Franco-German commission, which should include a permanent secretari-

at, government officials, bankers, industrialists and labor leaders representing both countries. Its task will be to examine economic questions, especially the possibility of collaboration between the French and German chemical and electrical industries, and the revision of the trade agreement of 1927, which, it is contended in France, has worked to the detriment of French trade. It may also be asked to draw up plans for the exploitation of Eastern European markets—Russia, Poland, Hungary and the Balkans—France furnishing the needed capital to German industry, and German manufacturers furnishing the labor and goods.

The cooperation thus arranged in the economic field, it is hoped, will pave the way for a rapprochement on the more delicate political questions which remain to be settled before there can be any genuine and permanent reconciliation and completely satisfactory relations can be established between the two most powerful countries of Western Europe.

GERMAN POLITICAL PARTIES

The extremist opponents of the Bruening moderate coalition government were relatively quiescent during the financial crisis of the early Summer—except for some street conflicts with one another—but in September they became more active in their attacks on the Cabinet. On Sept. 27 sweeping gains were made by Hitler's National Socialists and by the Communists in the municipal elections in Hamburg. The "Nazis" captured 43 seats of the total 163 in the Hamburg House of Burgesses, and the Communists increased from 27 to 35. The Social Democrats slumped from 60 to 46 seats—only slightly more than the Hitlerites.

The "Nazis" polled 202,465 votes, as against 144,684 in the famous Reichstag election of September, 1930; and the Communist vote rose to 168,618 from 135,279 in 1930. The

losses were chiefly at the expense of the Social Democratic and the People's parties. The former polled 214,509 in the recent election, as compared with 240,984 in 1930; and the latter 36,290, as against 69,145 in 1930.

The election campaign was waged with unusual intensity. All the leaders of the principal parties, including Alfred Hugenberg and Adolf Hitler, made speeches. The extremist gains were doubtless owing in part to the suffering arising from the financial crisis of the early Summer, the growing unemployment, and the stagnation in trade which was felt with exceptional force in Hamburg. The rigid economies which Hamburg effected during the Summer may also have had an effect in increasing discontent and consequently in increasing the opposition vote. Whether the Hamburg election reflects what would happen if Reichstag elections were held throughout Germany can be only a matter of speculation. Chancellor Bruening does not intend to allow general elections to be held at present; he will continue his semi-dictatorial régime of restoring economic and financial order in the Federal Government, the States and the municipalities.

Early in September Hitler addressed a pronunciamento to a select group of about 1,000 of his lieutenants, in which he emphasized his own dictatorial authority in the party. There were few sentences which did not contain the pronoun "I." "As the leader," he said:

I must preserve the unity of the movement and shall do so, hard as a rock, not to be moved nor to yield an inch. I feel myself the representative, responsible guide and leader of the last hope of innumerable millions of Germans. Come what may, here I stand and stay, and nobody can force me from my place.

I should regard myself as a poltroon if I lacked the courage to assume responsibility and also to struggle for power in the legislatures. It is not our policy that is responsible for the pres-

ent misery, but it is our nation that must suffer, and therefore I am ready to shoulder the people's suffering through responsibility. The place of one weakening must be taken by another; of my own will I shall not retreat one step from the position won.

National Socialists caused a serious riot in Berlin on Sept. 14 in connection with a crowd which was trying to hear a debate in the Sportspalast between Communists and Social Democrats. They also attacked Jewish worshipers emerging from leading synagogues in the city, and the police had to interfere in force. Hitler declined to take any responsibility for the riots, asserting from his headquarters in Munich that they were provoked by paid agents who hoped to prejudice opinion against his party in Germany and abroad, thereby blocking "the irresistible advance of the National Socialist idea among the German people." The police authorities, however, dealt energetically with the rioters. Two received penitentiary sentences of five and two years, and twenty-four were given jail terms ranging from nine months to a year and nine months. Hitler's Munich newspaper was temporarily suspended, as was also that of his Berlin lieutenant, Dr. Goebbels's *Der Angriff*. Dr. Goebbels, however, came out a couple of days later with a substitute sheet under a new name, the *Angriff-Post*.

BRUENING'S NEW CABINET

The National Socialists have been particularly severe in their attacks upon Dr. Curtius, the Minister of Foreign Affairs in the Bruening Cabinet. They, and even his own People's party, have held him primarily responsible for the mismanagement and humiliating failure of the proposed Austro-German customs union. Since its abandonment last August, he has been regarded as an element of weakness in the government which might become dangerous at the early meeting of the Reichstag. His request to resign, therefore, was accepted by

the Chancellor on Oct. 6. Next day, in order that the whole Cabinet might be reconstructed on a stronger basis, Chancellor Bruening himself resigned, but was at once invited by President von Hindenburg to form a new Cabinet and to take again the leadership as Chancellor. On Oct. 9 the President approved the new government, in which Bruening is also Foreign Minister. The new Cabinet shows a marked swing to conservatism. The Centrist party has lost two seats and the German People's party has none at all.

In undertaking to form a new Cabinet Bruening also drew up and secured President von Hindenburg's approval of a new set of emergency decrees. They aim to secure three general results: (1) Reduction of expenses to increase the balance available for the government in order to meet the burden of the unemployed, who are expected to reach 7,000,000 during the coming Winter; (2) the forcing down of wages and prices in German industry, so that Germany can continue successfully to compete in the export market and thus keep her currency stable; (3) the increase of the police power of the State, in order successfully to combat the danger from the growing power of the extremists, and to suppress, in their inception, any attempts that might be made to overthrow the government.

These emergency decrees virtually provide for the suspension of the provisions in the Constitution which guarantee inviolability of personal liberty, private property, secrecy of the postal and telegraphic services and freedom of speech, of the press and of public meeting. They also cover such subjects as salaries in private industries, unemployment, agricultural relief, regulations for savings banks and special courts for the trial of tax-evaders. Federal aid is to be extended to the States and municipalities to aid them in persuading for-

eign creditors to convert short-term loans into long ones. One-third of unemployment doles is to be paid "in kind," that is, in food, fuel, clothing and the other bare necessities of life, instead of in money.

FASCIST UPRISE IN AUSTRIA

The Heimwehr, the armed Fascist organization in Austria, attempted on Sept. 13 to carry through a revolution to overthrow the republic. Dr. Walter Pfeiffer, its leader, proclaimed himself dictator of Austria, and ordered his followers to seize the public buildings in the province of Styria, where the uprising started. So badly, however, was the attempt organized, and so half-hearted the support that he received from his followers in other parts of Austria that the "putsch" collapsed completely. Only one person was killed and half a dozen seriously wounded. By evening the revolutionists had been disarmed or arrested. Dr. Pfeiffer escaped over the frontier into Yugoslavia.

Austria's finances still remain in a precarious condition. At the insistence of the League of Nations the Buresch Cabinet consented to cut down the Austrian budget for 1932. Professor Josef Redlich, Finance Minister, has resigned from the Cabinet.

HOLLAND'S FINANCES

Because of her strong financial position, Holland was less affected than the other European countries by Eng-

land's action in going off the gold standard. The Netherlands Bank announced on Sept. 27 that it would unconditionally maintain the gold standard in Holland, and that its sterling advances abroad would probably not involve it in any serious loss. The Amsterdam Stock Exchange closed for only one day following the close of the London Exchange.

On Sept. 14 the Minister of Finance stated that the Dutch budget for 1932 would show a deficit of about \$30,000,000, to be reduced to \$19,698,000 by several measures to become effective in January. He added that he was contemplating a gasoline tax, which, if only 3 Dutch cents [1.2 American cents] a litre, would yield \$4,020,000. Gasoline is two or three times cheaper in Holland than in the neighboring countries.

The internationally known Asscher's Diamond Works, employing about 300 men, is reported about to reopen, as there has been a revival of trade owing to the buying of diamonds for investment.

Queen Wilhelmina inaugurated early in September a weekly airplane service to the Dutch East Indies. The plane carries eight passengers and a large amount of mail.

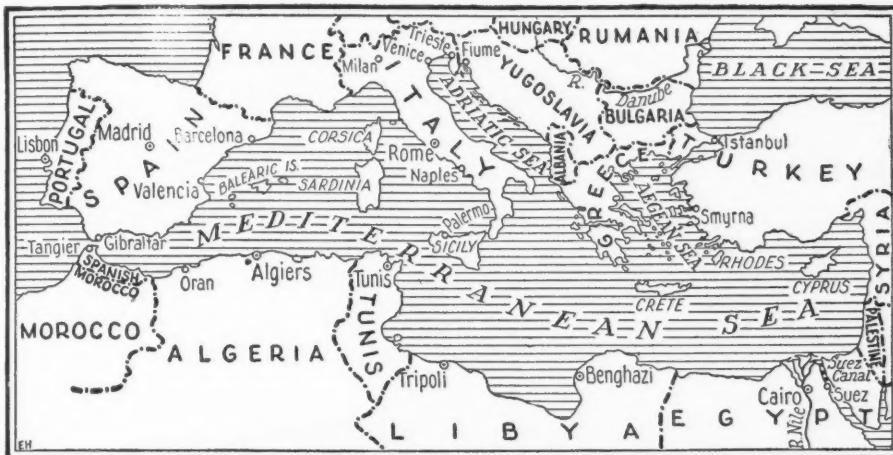
A petition signed by more than 2,400,000 persons in favor of international disarmament was sponsored by the entire Dutch press, with the exception of the Communist organs. It cost no money, being handled by six persons chosen by the press.

Spain's Republican Constitution

EXCEPT for the strike in Barcelona, which early in September threatened to develop into a serious revolutionary outbreak in Catalonia, interest in Spain has centred in the work of the Constitutional Assembly. Two problems in particular

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caused delay and at times bade fair to disrupt the Cortes. The first was the difficult question of regional autonomy; the second, the ever-recurring conflict between the Radicals and Conservatives over matters of policy.



THE MEDITERRANEAN COUNTRIES

The industrial disturbance and the strike in Barcelona were well under control before the end of the first week of September, but not till more than 10,000 troops had been called out and several hundred persons killed in an all-day battle on Sept. 4. Fortunately, Colonel Macia, President of the Catalan Generalidad, openly disavowed the strike, calling on all loyal citizens to mobilize against the "extremists." As a result of his stand and the prompt cooperation of the Central Government with the provincial and municipal authorities, what might have developed into a delicate political question of jurisdiction was avoided. Large quantities of munitions and bombs were seized, especially at headquarters of the Syndicalists, whose extremist policy lost for them the support not only of Colonel Macia but of many of the moderates who had been upholding the Sindicato Unico because it stood for regional rights. Throughout the rest of Spain minor disturbances like that by the garrison at Seville, by the Basque regionalists at Bilboa, on Sept. 11, and the bombing of the University of Seville were easily suppressed by the authorities.

Apart from the evidence of economic and labor unrest, the affair at

Barcelona brought out the further fact that there is a close connection between Catalan national ambitions and radicalism. The Catalans are the most highly industrialized of the population, much more individualistic and radical than is the agricultural population, which is more inclined to socialistic ideas and therefore to a strongly centralized government. During the debates in the Cortes over the question of the relationship of the Catalan Generalidad to the National Government at Madrid it came out again and again that the Catalans were really quite as much concerned about their social and economic rights as about their political status. Curiously enough, their strongest allies in the fight for autonomy are the Conservative Basques, whose ideas spring from very different motives. The Basque demands for autonomy arise from a desire to safeguard their old institutions, particularly their religious independence. On that question they have gone so far as to demand the right to enter into a separate Concordat with the Vatican.

But however varied their motives may be, the advocates of regional independence twice during the month threatened to withdraw in a body from the Cortes. Fortunately, the

tactful and determined efforts of President Zamora prevented the rupture. In an impassioned appeal to the Assembly he secured the acceptance of a compromise by which the Cortes agreed to define the powers of the Central Government first, leaving the question of regional powers till later. In the meantime the radio, moving pictures, improved means of transportation and especially the fine new straight roads built by the engineers of the Rivera dictatorship are breaking down ancient provincial barriers and drawing Spaniards from all parts of the peninsula together.

Another important question before the Cortes arose over the name of the republic. On Sept. 17 the Socialists, who represent the largest single group in the Cortes, carried a motion that "Spain is a republic of workers." But the victory was short-lived. On the following day President Zamora, who was absent when the vote was taken, pointed out in a vigorous speech the implications of the new name, and warned against the bad effect upon the credit of the republic abroad if it followed so closely the example of Soviet Russia. A motion to reconsider the action of the day before was carried and a new proposal adopted which declares: "Spain is a democratic republic of workers of all classes, who organized themselves in a régime of liberty and justice. The power of all her organisms resides in the people."

After disposing of these two important questions the Cortes in an all-night session on Sept. 26 completed the work on the first section of the Constitution, about one-tenth of the whole, and proceeded to the consideration of the next division.

The determination of the government to carry on despite opposition until the Constitution has been adopted was further indicated by the action of Indalecio Prieto, Minister of Finance, in withdrawing his resignation from the Ministry and announcing his

readiness to continue with his colleagues despite the bitter attacks upon him by certain elements in the Cortes. His vigorous policy of steady-ing the peseta has been followed by a decree ordering every one to surren-der all foreign currency. "Communi-cate to your clients without losing a moment," said the order to the banks, "that in four days at the most they must send to the centre of ex-change all foreign money, liquidating their accounts in foreign currency. In case of resistance on the part of any of your clients, communicate with the government immediately."

Rumors of negotiations with the Vatican of a new Accord appeared from time to time during the month. The Cardinal Primate, Segura y Seanz, who is now in exile in France, it is believed, will be interred there and the position of Primate filled by the pres-ent Vicar General. Announcement of the acceptance by the Vatican of the resignation of the Primate was for-mally made by the Papal Nuncio and laid before the National Assembly on the eve, it is said, of the final con-stitutional settlement of the relations between the church and State. On Oct. 13, however, the Constitutional As-sembly approved Article 3 of the new Republican Constitution rejecting the Catholic religion as the religion of the State.

In the meantime, the Assembly, by a vote of 160 to 121, extended the right to vote to women of 23 or older. Spain thus goes on record as the first Spanish-speaking country to extend the franchise to women. The action of the Cortes will double the electoral vote, raising it from approximately 5,000,000 to 10,000,000. An analysis of the vote shows that most of the younger members voted in the nega-tive. Victoria Kent, one of the three women members of the Assembly, spoke against equal suffrage because she claims "Spanish women are not prepared for the ballot yet." On the other hand, Señorita Clara Campora-

mora spoke strongly in its favor, insisting that "the Spanish woman awaits her redemption by the republic." The President and Ministry in general supported the measure, pointing out that today women are generally talking politics and much interested in the national situation.

A plan submitted to the Cabinet by the Minister of Justice, Fernando de Los Rios, for the reduction of the number of the nation's prisons from 437 to 107 because they are no longer necessary, was approved in principle along with a projected plan for modernizing the remainder.

QUIET IN PORTUGAL

In Portugal the vigorous suppression of the rebellion late in August was followed by quiet and the complete ascendancy of the Carmona régime. Despite the low standard of living—50 cents a day is considered a good wage—and heavy taxes, the government is carrying out a large program of public works with eminent success. On the financial side, the escudo, stabilized in July at about 22 cents, has held fairly well despite the financial crisis in Great Britain.

ITALO-VATICAN RELATIONS

Peace has come over Italo-Vatican relations with the ending of the dispute between Mussolini and the Pope over Catholic Action. Gradually more details of the price of the compromise paid by both sides have begun to leak out. According to an editorial in the *Osservatore Romano*, based on a memorandum of secret conversations before the accord, the Pope sacrificed none of "his traditional position regarding the education of youth or on Catholic Action." At the same time he agreed to the removal of the Jesuit Father Enrico Rosa as editor of the Catholic review, *Civiltà Cattolica*, because of his anti-Fascist leanings, replacing him by Father Barbara of the same order. In the meantime, Father Rosa and

four other bitter-enders in the fight against fascism, notably Count della Torre, for several years chairman of the Executive Committee of Catholic Action and editor of the *Osservatore Romano*, have taken refuge in the Vatican, fearing arrest by the Italian authorities.

On his part Mussolini is said to have agreed to the removal of Major Giovanni Battista Giuriati, the secretary general of Fascist party. Major Giuriati, since the confirmation in 1930 by the Grand Council of the Fascist party of his appointment to succeed Augusto Turati in that position, has been second only to Mussolini as a power in Fascist ranks. It was he who first denounced the political activities of certain leaders of Catholic Action, especially former members of the Partito Popolare and other anti-Fascist organizations. Before his election to the secretaryship Giuriati was Minister of Public Works and before that a Lieutenant of d'Annunzio at the seizure of Fiume.

THE DEPRESSION IN ITALY

Although Italy too is in the grip of a severe economic depression, the reaction to the financial crisis in Great Britain was not as violent as was feared. In general, press comments were moderate and free from sensationalism, while the government promptly made it known that the stabilization point of 5.26 cents to the lira would be maintained. The Bank of Italy raised its discount rate from 5½ to 7 per cent and continued its policy of reducing its circulation, increasing its gold reserve and raising the gold coverage from 53.43 to 53.49 per cent. Viewing the suspension of the gold standard in England as the most serious monetary disaster in years, Fascist leaders are determined to use every means at their disposal to maintain the gold standard for Italy.

On Sept. 25 the government issued a communiqué proclaiming an extra

ad valorem duty on all goods carrying import duties. Its application, however, is modified in part by the favored-nation clause in some of Italy's commercial treaties and in the case of some prime necessities like coal, on which there is a duty of 10 per cent, precious metals and chemicals which are duty free, wheat and other cereals on which the duty was raised but recently. Since the United States and Great Britain do not have most favored-nation agreements with Italy, imports from these countries will be seriously affected by the new super-duty. The extra duty was made necessary to meet a deficit for the first two months of the present fiscal year of \$27,000,000 caused by a shrinkage in revenues for the period of nearly \$500,000. But the need for additional revenue was not the only reason for the new duties. The higher tariffs have been adopted also to block prospective British dumping and as a stimulus toward the further improvement of the trade balance, which has shown not only a marked reduction in the excess of imports over exports but, when considered in the light of the general depression, has shown an increase in the volume of exports.

On Sept. 7 a chance explosion in the home of a Genoa industrialist led to the discovery and arrest of one Domenico Bovone, who has apparently been responsible for the bomb

explosions in Bologna, Turin, Genoa and possibly in the Vatican City. As a result of Bovone's correspondence, which gave evidence of his affiliation with anti-Fascist groups abroad and at home, the police have made a number of important arrests and seized a large cache of material for the manufacture of bombs.

In the field of foreign relations, the rumors of a Franco-Italian naval accord were dispelled by a communiqué on Sept. 19 announcing the virtual rejection of the new French proposals, which were apparently made direct to the Italian Government, without reference to the British, who were also signatories of the March tripartite agreement.

A NEW PAPAL ENCYCLICAL

Pope Pius on Oct. 3, in an encyclical which took Rome by surprise, appealed to all Christians for a "crusade of mercy" to aid the unemployed and denounced the "unbridled race for armaments" as an important factor in the world's economic distress. The encyclical stressed the plight of the working class and declared: "The want of so many families and of their children, if not provided for, threatens to push them—which may God avert—to the point of desperation." The Pope exhorted Bishops to oppose the struggle for greater armaments "according to the solid dictates of right, reason and of the Christian law."

Hungarian Government Extravagance

THE condition of Hungary's finances, which was known to be serious when the Bethlen Ministry resigned on Aug. 19, was discovered, upon closer examination, to be worse than most people supposed.

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Although neither paying unemployment insurance nor obliged to come to the rescue of the banks, as did the Austrian Government, Bethlen and his associates so expended the proceeds of high taxation, foreign loans



Eastern Europe and the Balkans

and State monopolies as to convert a 1926 surplus of \$15,000,000 into a 1931 deficit several times larger. Not only did the actual budget shortage reach \$24,000,000, but, under the dubious head of "useful investments," the government spent \$90,000,000 outside the budget altogether—a sum now carried as a floating debt and quite impossible of repayment in the visible future. Included among outlays which the country was in no condition to afford are those for homes for Hungarian students at foreign universities, an expensive ichthyological station on Lake Balaton, construction of a public square in Szeged designed to rival St. Mark's in Venice, purchases of Greek monumental art, an excessively numerous and extravagantly paid foreign service, as well as the preparation of secret armaments. Though an able politician and a brilliant Foreign Minister, Bethlen proved himself no fin-

ancier; and it would appear that the sorry fiscal situation in which he involved his country, rather more than pressure from France, explains his sudden resignation and his present eclipse from public life. Support of this theory is to be found in the fact that a motion was introduced in the Budapest City Council on Oct. 8 to try the ex-Premier for misconduct of the country's affairs. The motion, which was rejected, was the fourth of its kind to come before various municipal bodies in the country.

It was announced on Sept. 24 that the financial committee of the League of Nations would shortly go to Budapest to make a first-hand study of the situation. Somewhat earlier, R. H. Porters, formerly of the Bank of England, who has been representing the World Bank in Budapest since the suspension of war-debt payments, was reported to have told the committee that Hungary's balance of payments was fundamentally so unsound that he was unable to suggest how it could be improved sufficiently to meet even the payment of service on her long-term debt, and that the only way out was for the Budapest Government to declare a complete moratorium—which would be tantamount to acknowledging bankruptcy.

Confiscation of the Sept. 11 issue of the official Socialist organ, *Népszava*, and withdrawal of the right of the paper to be sold on the streets for a month, constituted the first interference with the press by the Karolyi Government and gave rise to many hostile demonstrations and numerous arrests.

YUGOSLAVIA'S ELECTORAL LAW

The termination of the dictatorship in Yugoslavia and promulgation of a new national Constitution during the first week of September left the country wondering what sort of electoral system would be decreed for use in the forthcoming Parliamentary elections. The Constitution itself bestowed the suffrage on both men and women

21 years of age and over and provided that elections should be direct. But the manner of voting and of distributing seats in relation to the votes cast was left for later decision—matters, it hardly need be said, of the most vital importance to all political elements.

The eagerly awaited electoral law, applying to the choice of members of the lower house, was promulgated on Sept. 12, with promise of a later separate law to govern the election of Senators. Out of the complexities of the new measure emerged several features which quite effectually dashed the hopes of those who longed to see the country brought back to something like the broad Parliamentary democracy prevailing in 1929. In the first place, whereas the Constitution had been thought to contemplate voting by secret ballot, the new law provided that all voting should be "open," that is, oral and public. In the second place, following the plan of the Italian and Rumanian systems, it conferred special privileges on parties obtaining majorities and practically cut off minority parties from any representation. Voting was to be by national, rather than district, lists; any list failing to receive as many as 50,000 votes was to be allotted no seats whatever, and the party obtaining the largest vote was to be given two-thirds of the whole number of 305 seats. Furthermore, as in Hungary, candidates were to be nominated under a very complicated and difficult system. At every turn the scheme bore evidence of being compounded from those in force in three or four of the least democratic States in Europe.

With elections to the new lower house finally fixed for Nov. 8, the parties and their leaders began to formulate their tactics. From the first, most of the opposition groups, considering that only candidates put forward by the government would have any hope of success, were inclined not to put up candidates, but rather to boycott the elections alto-

gether; and, on Sept. 13, decisions to this effect were reached by the Serbian Democratic and Radical parties, the Croatian Farmers' party and the Slovakian People's party. The Croatian Peasants' and Democratic parties, on the other hand, decided on Sept. 19 to participate, provided the Serbian parties could be induced to reconsider their stand—a condition made necessary by the legal requirement that any party entering the election at all must present candidates in all parts of the country and by the circumstance that Croatian parties have no means of presenting candidates outside Croatia other than by making common cause with the Serbians. Up to the end of September this plan seemed doomed to failure because no one of the Serbian opposition groups could be prevailed upon to change its policy, which would entail, as their leaders felt, acquiescing to an unfair system and giving it a cloak of regularity and legality. The election therefore promised to be a contest only in name.

Meanwhile, on Sept. 26, the Cabinet issued a manifesto formally opening the "campaign" and promising, in very general terms, complete revision of taxation, equal rights for all races and creeds and a comprehensive working program for Parliament, including plans for economy. All electors were urged to break with the "old ideals," presumably meaning the old political parties.

ISMET PASHA'S VISIT IN GREECE

During the last week of September Ismet Pasha, the Turkish Premier, and Tewfik Rushdi Bey, the Foreign Minister, accompanied by their wives, a number of members of Parliament and editors of Istanbul newspapers, went to Athens to return the visit which Premier Venizelos and Foreign Minister Michalopoulos made to Ankara in October, 1930. This was the first time that Ismet Pasha had left Turkey since he represented his country at the Lausanne Conference of

1922-23, and the first time he had visited any foreign capital. The trip was intended for the purpose of exchanging ratifications of the Angora agreement of 1930, to impart further strength to Greco-Turkish friendship, the foundations of which were laid by the two Premiers at Angora, and to give the world fresh evidence that the two old enemies have actually buried the hatchet.

The achievement of the two Premiers in behalf of international peace since they first met at Lausanne less than a decade ago has indeed been notable. Ably seconded by their respective Foreign Ministers and by the diplomatic representatives of the two countries, they have within less than two years transformed the whole aspect of Greco-Turkish relations and have built an entente apparently as strong as any that post-war Europe has known. Seemingly insoluble problems resulting from the exchange of hundreds of thousands of Turks and Greeks have been cleared up in the best possible way in the circumstances. The rights of the Greek minority in Istanbul and of the Turkish minority in Western Thrace have been recognized, and confiscated properties have been restored. A new feeling of confidence has enabled both countries to effect material reductions in their expenditures on armaments, the saving of Greece alone under this head being some \$2,600,000. Visits are being paid and returned by university students, journalists, athletic teams and theatrical companies. Even Crete, so long a bone of contention between the two countries, contributed to this improvement of social relationships when a visiting delegation of 300 Greeks from the island was most cordially received by Turkish Cretans living in Istanbul.

Although the Greek Government announced on Sept. 27 that the stability of the drachma was not affected in any way by depreciation of the British pound, stock exchange restrictions were simultaneously announced,

and the exchange itself was kept closed until after the end of the month. On Sept. 26 the National Bank raised its discount rate from 9 to 12 per cent.

KING ZOG'S ASSAILANTS

Azig Cami and Ndok Gheloshi, Albanian emigrants to Austria, were on Sept. 30 placed on trial in the little Upper Austrian town of Ried on a charge of attempting to assassinate King Zog of Albania and of murdering his adjutant in front of the Vienna Opera House last February. Five of the Albanians originally arrested were released, and accordingly the case was narrowed from conspiracy to murder. That the trial would stir deep interest throughout Central Europe was, however, certain—especially if effort were to be made to establish the fact that, as Italy alleges and King Zog thinks, the attempted assassination was inspired by Yugoslavia.

Political significance, indeed, was widely attached to the transfer of the case from Vienna, where normally the trial would have been held. In Yugoslavia it was ascribed to the influence of Italy, which was believed to have urged upon the Austrian Government that a fair trial for the would-be assassins could hardly be expected in "Red" Vienna. The real reason appears to be rather the opposite, namely, the belief of the government that a jury in the Socialist capital might be disposed to acquit regicides as much because of, as despite, their crime.

On the opening day of the trial both defendants admitted the truth of the charges against them, but alleged extenuating circumstances. Captain Cami painted King Zog's régime as ruinous to the country and declared that he felt no sense of guilt because of having tried to free his people from their betrayer. The other defendant pleaded not guilty, asserting that though at various times he had harbored the thought of killing the monarch, he had finally acted on blind

impulse. The trial ran its course rather more swiftly than was expected. On Oct. 3 the jury unanimously found both men guilty; Cami was sentenced to three years' and Gheloshi to seven years' imprisonment.

CRIMINAL PROCEDURE IN POLAND

A crime wave of serious proportions in Poland led President Moscicki on Sept. 11 to decree summary procedure in the criminal courts. Ordinarily several months are required for the courts to go through the complicated legal processes leading to a final verdict. Summary jurisdiction, on the other hand, enables an ordinary criminal court to constitute itself an emergency tribunal and reach a final verdict in three days. Incidentally, the swifter procedure was considered a desirable method of dealing with Ukrainian terrorist activities.

In opening a new session of the Sejm on Oct. 1 Premier Prystor asserted the determination of the gov-

ernment to keep up the present value of the zloty. He declared, further, that the Polish financial system is now so largely independent that unrest in the international money market does not affect it. The Sejm met this year much earlier than usual in what was, to all intents and purposes, an emergency session devoted to bills submitted by the government dealing with unemployment and other economic difficulties. Among the government's proposals was an increase of the income tax—for the benefit of the unemployment fund—collection of tax arrears in kind for distribution among the unemployed, prohibition of overtime and reduction of child labor.

Communist activities in Bulgaria, directed from Moscow, grew exceptionally vigorous in early September, precipitating numerous clashes between propagandists and police. Public meetings at times were prohibited in the cities, street gatherings of every sort were dispersed and many arrests were made.

Scandinavian Nations Abandon The Gold Standard

SWEDEN and Norway followed the example of Great Britain and suspended the gold standard on Sept. 27, and Denmark did the same twenty-four hours later. In each instance the suspension was stated to be only temporary, to last in Sweden until Nov. 1, in Denmark until Dec. 1.

The background of these important financial occurrences is complex. The removal of the pound sterling from the gold basis, with the consequent shock to other European exchanges, came at a time when the exchange position of Sweden was already strained. The decision to suspend gold payments was dictated, according to

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Wall Street bankers, by caution rather than by desperation. The status of the Swedish krona, like that of many other European units of exchange, is closely connected with the value of the pound sterling, since Sweden keeps considerable balances in London. When the foreign exchange markets were disturbed by England's announcement on Sept. 21, the Swedish krona began to fluctuate violently. The sharp falling off of exports during recent months, combined with considerable withdrawals of foreign balances since mid-July, was another weighty factor. The decline in exports had resulted in decreased pay-



NATIONS OF NORTHERN EUROPE

ments of foreign exchange to Sweden, and in order to meet obligations abroad Swedish importers and bankers had been compelled to draw upon the foreign exchange reserves of the Bank of Sweden.

In the early part of September, Swedish fiscal authorities addressed inquiries to American bankers asking whether they would be disposed to extend a short-term banking credit to assist Sweden in meeting her exchange requirements. The amount involved was reported as about \$75,000,000. Probably because of the recent experience with the short-term credit extended to Great Britain, Wall Street did not respond enthusiastically. The Swedish authorities then turned to Paris, but, in view of the subsequent abandonment of the gold standard, evidently Paris also was unwilling or unable to lend a hand. It should be added that Sweden denied having tried "to obtain a loan" in America, and mentioned instead having merely sounded "the American market in regard to negotiations for a loan."

One source of Sweden's financial

difficulties was the extensive loans made to Germany. Although Sweden's total interest at stake when the German crisis came to a head in July was substantially less than that of England or the United States, her commitments had, for the most part, been more recently made. For example, during 1930 Sweden took the lead among nations in loans to Germany, to the extent of \$124,500,000, while those by the United States were slightly below \$95,000,000. The knowledge that Sweden had become heavily committed in Germany told against her when the need for mobile credits became imperative; short-term balances placed in Sweden by other countries were recalled, and the severe strain upon krona exchange, leading to the decision to discontinue the gold standard, was the result.

Prime Minister Carl Gustaf Ekman, whose political predilections are not protectionistic, declared that Sweden's immediate concern after going off the gold standard was to reduce imports so as to gain a more favorable balance of trade. There are two ways to attain this, he went on. One is to take official measures to regulate imports; the other is expected to come automatically from the reduced purchasing power of the Swedish krona abroad. The relatively high standard of living and the high wages maintained for Swedish labor have caused greater imports for the past year than exports. Sweden now imports great quantities of wheat, sugar, coffee and fruit, while its native rye is used less and less as a breadstuff. There is now likely to be, however, a falling off in the demand for American-made automobiles, which hitherto have been the most popular, as well as for gasoline and oils, of which the country has no native supply. What measures will be taken to regulate such imports in an artificial way will be decided by an official inquiry, to be undertaken immediately, Mr. Ekman announced, and whether

it will be necessary to summon the Riksdag in a special session before the usual date in January depends upon the findings of this inquiry. Above all, the Swedish authorities wish to maintain the internal purchasing power of the national currency, and for this reason have raised the discount rate to 8 per cent. In this way they hope that as soon as the trade balance has righted itself the internal value of the krona will be such that the gold standard can be re-established without great sacrifices. In the meantime, the gold reserve of 217,000,000 kronor (\$58,156,000) in the Bank of Sweden is regarded as sufficient to meet the reduced demand for foreign exchange. For Sweden it is a lucky circumstance, added the Premier, that of the Swedish public debt of 1,800,000,000 kronor (\$482,400,000) only 16 per cent is held abroad and that the bulk of this debt is represented by investments in paying enterprises such as railroads, hydroelectric plants and forests. The latest State budget showed a surplus of 4,000,000 kronor (\$1,072,000). The number of unemployed in the country was only 30,000 on Aug. 31, 1931. Sweden, furthermore, has large long-term claims abroad which will support the national balance of payments.

While Norway and Denmark were influenced by the same general trends that led to action in Sweden, certain other factors have a special bearing upon these two countries.

For some time past, Norway's lumber trade has been feeling the effects of Soviet competition. Her industrial life has been disturbed by disconcerting conflicts between capital and labor. Her economic life has been dependent to no small degree upon ocean shipping, in which a notable decline has been in evidence in recent years.

Denmark, on the other hand, has felt with peculiar force the effect of declining foreign trade, for her economic well-being is closely bound up

with markets abroad. In addition, a serious situation at home among the farmers has forced the government to attempt to ease the strain. On Sept. 25, K. Borderg, the Danish Minister of Agriculture, introduced a bill in Parliament to raise 30,000,000 kroner (\$8,040,000) for agricultural relief. The sum is to be obtained partly by additional taxation and partly by saving 20,000,000 kroner in military expenditures. The budget introduced on the same day—three days before the decision to suspend gold payments—showed a surplus in current revenues amounting to 19,800,000 kroner (\$5,306,400). The State accounts for the previous year had shown a larger surplus, and in the budget for the coming year reductions averaging 10 per cent are contemplated. An indication of the status of Norwegian economy, on the other hand, was given by the fact that for the fiscal year ending July 31, 1931, there was a deficit approximating 6,000,000 kroner (\$1,608,000).

FINNISH FINANCES

As a consequence of the course of events mentioned, Finland found herself in a complicated situation. While it was announced, at the time that Norway and Sweden abandoned gold payments, that the central banks of Norway, Sweden, Finland and Denmark had decided on joint measures for the future to maintain the "parity of currency," subsequent action on the part of Finland indicated that the republic had decided to follow a policy different from that of her neighbors. The general situation, as far as Finland was concerned, was indicated by the governor of the Bank of Finland on Sept. 28 as follows: "Because of the conditions in our country, the pressure exerted from the outside upon Finland has been infinitely less serious than that directed against the currencies of our neighbors. As a result, the Bank of Finland is in a position to control the

situation as far as the Finnish mark is concerned, and we need not have recourse to the measures" of the other Northern States. That a determined effort was being made to avert the necessity of suspending the gold standard was indicated by the announcement, made on Oct. 1, that the official discount rate had been raised from 6 to 7.5 per cent. It was also reported on the same day that considerable interest was being created by the arrival in Finland of the European representative of the New York Trust Company who, it was surmised by the press, was negotiating regarding industrial credits. But on Oct. 12, the day after the Bank of Finland had again declared that it could maintain gold payments, the gold standard was abandoned. At the same time the discount rate was raised from 8 to 9 per cent. The result was that foreign rates of exchange rose about 25 per cent, and dollars were quoted at 50.25 marks, instead of the normal 39.50.

Finland's financial status is revealed by the budget introduced in Parliament on Sept. 1. It embodies considerable reductions all along the line; the savings effected, by comparison with the budget for the previous

year, amount to some 600,000,000 marks (about \$15,000,000). While the 1931 budget showed a deficit of, roughly, 10,000,000 marks (somewhat less than \$250,000), the present budget is balanced, without recourse to borrowed funds.

NORWAY'S LABOR CONFLICT ENDED

The Norwegian nation-wide conflict between labor and capital, which began over six months ago and assumed extensive proportions during last April and ultimately involved over 80,000 workers, was finally settled on Sept. 11. The dispute, which may be said to have paralyzed nearly all important branches of Norway's industry, was brought to an end by the acceptance on the part of the contending parties of a compromise providing for wage cuts averaging 6 to 7 per cent. It was estimated that the conflict, by far the greatest in the industrial history of the Scandinavian nations, cost the country some \$120,000,000; the loss in workers' wages alone was estimated to be more than 100,000,000 kroner (over \$26,800,000).

The Soviet Youth Movement

MOSCOW'S celebration of "International Youth Day" calls attention to an interesting and important phase of the Bolshevik program which is too frequently disregarded in the midst of more dramatic events. The Communist Youth movement was conceived by Lenin as the best possible guarantee of the permanence of the social revolution in Russia. Its purpose is to instil in a whole generation of minds which have never known dif-

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ferent standards and other ways of life an unquestioning allegiance to Communist ideals. After fourteen years of development it has become one of the major forces in the social life of the country, and quite apart from its ultimate influence upon the national consciousness, it has already proved its practical value as an ally of the government in matters of domestic policy.

The organization known as the Communist Youth sets the age limits

of its membership at 14 and 22 years, respectively. Its companion organization, the Young Pioneers, is open to children at the age of 8 years and has an upper age limit of 16. Since there is an almost automatic transfer of membership between these two organizations during the overlapping age period, and an equally automatic transfer from the Youth to the adult party with its minimum age limit of 18 years, the creed and practice of communism are enabled to embrace the entire life of the individual from infancy outward. The young children in the Pioneers are schooled in the elements of the Communist doctrine as in other lands they would be indoctrinated with religious belief. Dogmatic and intolerant, with its reliance on the infallible and sacrosanct writings of Marx and Lenin and its own peculiar imagery of saints and devils, the teaching of the Young Pioneers is designed to establish complete dominion over the minds of children too immature to question it. Upon his admission to the Communist Youth the future citizen of the Soviet Union places himself under discipline as strict, and pledges himself to service as exacting, as that of the adult member. With some 10,000,000 young people in these two organizations the rulers of Soviet Russia are laying solid foundations for the future.

On International Youth Day the official organ of the movement, *Youth Pravda*, described the status of the branches of the organization in the various countries of Europe. There have been slight gains during the year in the membership of the movement outside Russia, chiefly in Germany, where the Youth party now numbers 57,000 members. In the Soviet Union the Communist Youth has added 1,000,000 members during the past year and now has a party roll of approximately 5,000,000. Just what this means to the immediate strengthening of the Soviet program appears in almost every issue of the official

press. These young Bolsheviks have pledged all their powers and all their earnings in excess of a bare living to the support of the government. Ninetenths of them are enrolled in their respective vocations as "shock brigadiers"; that is, they are not only pledged to the performance of the Five-Year program on schedule time in their own jobs but are available at a moment's notice to serve as flying squadrons of the industrial army wherever the government may choose to send them. Wherever an industry is lagging, bands of these young enthusiasts appear at the government's order to arouse the zeal of the workers by their example and exhortation.

This partisan movement is related to the general educational program through which the government undertakes to reach the entire child population of the country. As the culmination of its long struggle against the prevailing illiteracy, the Soviet authorities decreed last year a four-year period of compulsory education for all children between the ages of 8 and 11; and a further optional three-year period up to the age of 14 years. A survey of results at the end of the first year of compulsory education shows that at the present time 15,500,000 children are taking the four-year primary course. These figures represent approximately 98 per cent of the children of the designated age group in European Russia, but a much lower percentage in other branches of the Soviet Union. The optional three-year course has enrolled 2,100,000 children, thus bringing the total public school enrolment to 17,600,000, as against 7,200,000 in the primary and secondary schools of Czarist Russia. Stringent laws forbidding all forms of educational activity by the churches and in the homes place the whole childhood population in the hands of the State. President Kalinin of the Soviet Union and M. Bubnov, Commissar of Education in the Russian Republic, reviewing the progress of compulsory

education at the end of the first year, made it quite clear that the government is using this immense opportunity to promote its Socialist objectives. The children are introduced to their studies, even in the basic, elementary fields, from the "proletarian standpoint"; and thus the schools become a powerful organ of propaganda. The system is integrated also with the industrial structure which is developing from the Five-Year program; for at an early age the studies are directed toward vocational training and include practical apprenticeship in the shop and on the farm.

THE GOLD STANDARD IN RUSSIA

The extent to which the external economic relations of the Soviet Union will be affected by the monetary crisis in England and other European countries is still a matter for conjecture. Persistent rumors that the collapse of the gold standard in England would compel Russia to default on her foreign commitments have been vehemently denied by the Soviet authorities; nor have they materialized up to the present time in any actual postponement or omission of payments due to Russia's foreign creditors. These misgivings arise naturally from the fact that a large proportion of Soviet exports go to England, and that sterling exchange is widely used in Soviet payments to other countries. While it appears virtually certain that the Union will weather the crisis without default, it becomes increasingly clear from day to day that her Socialist economy is in no sense immune from the action of forces which affect the welfare of her capitalist neighbors. The break-down of the world's markets, especially in the basic commodities which constitute the bulk of Soviet exports, has attacked the Soviet Union at a vital point—her ability to import requisite industrial equipment. During the fiscal year 1929-30, which ended Oct. 1 a year ago, Soviet exports increased 50 per cent in bulk but fell

14 per cent in value because of worldwide lower prices. The statistics now available for the first half of the present fiscal year record a continuance of this trend, exports having again risen by 10 per cent in volume while declining 21 per cent in value. Reduced to their simplest terms these figures mean that last year the purchasing power of Soviet exports fell by 24 per cent, and fell again during the first half of the current year by 27 per cent. It is unnecessary to emphasize the importance of these developments in relation to the domestic program of the Soviet Union or to call attention to their influence in turning Soviet foreign policy in the direction of peaceful and stabilized relations with the rest of the world.

Such problems as the maintenance of a gold standard and the stability of the monetary system, which are absorbing so much of the world's attention at the moment, have little significance within the borders of the Soviet Union. Ostensibly the Soviet monetary system is based on gold. There are in circulation two forms of paper money; the chervonetz rubles, which have a fixed gold value and are theoretically redeemable in gold, and the treasury notes, which have no specific gold cover but have a legal parity with the chervonetz rubles. At mid-summer this year official figures recorded a total paper currency of approximately 5,000,000,000 rubles almost equally divided between these two categories. At the same time the gold cover for the chervonetz notes in the form of gold bullion and foreign valuta was 25 per cent, thus giving a reserve ratio of little more than 12½ per cent for the entire note circulation. This is admittedly a very slender basis upon which to maintain the gold standard. Moreover, the government has been struggling for some time with a problem of inflation. The rapid expansion of the currency at harvest time last year led to a decree that there must be no further note issues. To avoid this necessity, rather stren-

uous measures have been adopted to drain the floating supply of currency from the hands of the people into the treasury. A new State loan of 1,600,000,000 rubles was floated this Summer with methods of high pressure salesmanship; the State savings banks are endeavoring to increase their deposits, which are virtually loans to the treasury; a new system of retail stores has been set up to sell goods free of ration restrictions for cash. Quite recently, also, the government has gone into the mail-order business on an international scale, offering to accept foreign money remittances from residents of other countries who heretofore have been sending packages of goods to friends and relatives within the Union, and to provide goods from its own stores to the designated persons. The purpose of this new undertaking, obviously, is to increase the valuta cover for the Soviet currency.

These conditions and activities would, in another country, indicate a serious monetary situation presaging a suspension of the gold standard. But as far as the domestic situation is concerned, the familiar principles of monetary theory do not apply in the Soviet Union. In a country where the government is almost the only buyer and seller of goods and services, where prices are fixed by law and goods distributed by the ration system, the gold standard has no real meaning, and inflation of the currency is rather a political than a monetary problem. A redundancy of paper money will not, as in other countries, inflate prices but will arouse public unrest by calling attention to the scarcity of consumable goods. The measures described above, therefore, are to be viewed as part of the many-sided program of the Soviet authorities at the present time to relieve the tension of life in Russia rather than as attempts to save the monetary system from collapse. Measures with similar purpose announced recently include the promise immediately to expand the

light industries, the nation-wide campaign to increase the housing facilities, the improvement of the food ration and the promise soon to abolish it entirely, the proposed vast increase in "collective feeding". They all indicate that the pressure of the Five-Year program upon the common man had grown intolerable, and that the government has been obliged in the interests of domestic harmony to relieve the strain.

In her foreign relations, of course, the question of the adequacy of her gold supply is of real importance to Russia, since in the last resort she must cover adverse trade balances in gold. However, her monopoly of foreign trade protects her from such a drain on her gold reserves as caused the suspension of specie payments in England. Given long term commercial credits by foreign sellers she can mobilize her export trade to cover her commitments before they fall due. It is her gold position which makes this matter of credits of vital importance to the Soviet Union, because she cannot continue to discharge temporary adverse balances out of her slender gold stock. Hence it is the absence of credit in this country rather than the public propaganda against her which has caused the Soviet Union to restrict her purchases here so sharply this year. The trade has gone principally to Germany, where ample credit facilities are available. Whereas our sales to the Soviet Union fell off by almost \$15,000,000 during the first six months of this year, Germany's increased by \$10,000,000, and that country took from us first place in terms of Soviet purchases. The Soviet authorities are attempting to reduce their reliance upon foreign credits by decreeing that the output of Russian gold mines must be doubled during the coming year, but even if successful this policy can have but slight effect on the general situation.

In the field of international political relationships the Soviet Union has

strengthened her position during the past few weeks. At Geneva, Commissar Litvinov scored a triumph on Sept. 5 by persuading the League's Committee on European Union to appoint a special group to study the Soviet proposal of an economic non-aggression pact. In the affairs of the Far East the importance of Soviet influence has been recognized by an invitation to join the Institute of Pacific Relations, which she has accepted. Because of

the disturbed situation in China, however, the Soviet Union will not be present at the meeting of the Institute in Shanghai this Fall. The negotiations with France for a comprehensive non-aggression pact are still in abeyance, presumably awaiting the completion of France's conversations with Germany, which are believed to include an arrangement for cooperation between the two countries in matters of Soviet commerce.

The Cotton Crisis in Egypt

SINCE the announcement in August that the American cotton crop would exceed previous estimates and the prompt decline in the value of that commodity, the attention of every one in Egypt has been directed toward what Premier Sidky Pasha has termed "a most appalling crisis which is likely to be aggravated in coming months unless the world's cotton-producing countries work out some common policy." Sidky proposed an immediate conference looking toward limitation of cotton acreage. The tax of \$1 per kantar [about 100 pounds] of ginned cotton was halved. Orders were given to reduce acreage by 30 per cent, that being the amount by which the United States was expected to reduce its planting. About 90 per cent of the value of Egyptian exports is in cotton, and practically the whole population has a financial interest in it.

On Sept. 27 the government prohibited the export of gold, thereby removing Egypt from the gold standard. It seemed better to remain attached to the pound sterling rather than to endeavor to cling to the gold value of \$4.9431 for the Egyptian pound. Furthermore, a large part of the reserves of Egyptian banks and for the government notes consists of sterling securities.

By ALBERT HOWE LYBYER
*Professor of History,
 University of Illinois;
 Current History Associate*

The Wafd, or Delegations party, leaders showed some joy at the fall of the Labor Government in Great Britain,

but have not been able to discern any prospect of a new policy of the British National Government which will restore their lost position and prestige. As there are no pressing issues at present between Great Britain and Egypt and Great Britain has other troubles of the first magnitude, a continuance of the status quo is probable.

THE ARMENIANS OF SYRIA

Visitors to Syria since the World War have been saddened by the sight of refugee camps near Beirut, Alexandretta and Aleppo, where Armenian refugees from Turkey have been living in poverty and squalor. The Nansen International Office at Geneva has announced that the League of Nations and the French High Commissioner hope to bring this situation to an end by providing adequately for all the remaining refugees by the end of 1933. Of about 40,000 originally in the camps, 15,000 have been established in city residences and agricultural colonies, 10,000 have left the camps and made places for themselves, and 15,000 persons, or 3,000 families, remain to be provided for. About \$2,000,000 has been expended



THE NEAR AND MIDDLE EAST

and \$1,200,000 is needed to complete the work. Armenian workmen have helped in the improvements at Beirut and have planted more than 3,000,000 trees in Northern Syria.

PALESTINE LAND DEVELOPMENT

The British Colonial Office has found both Arabs and Jews unwilling to cooperate in its scheme for land settlement. A loan guaranteed by the British Government was to provide \$12,500,000, which was to be applied under the direction of Lewis French. The Arabs refused to appoint an assessor to assist Mr. French on the ground that they would thus be sanctioning the Balfour Declaration. The Jews asked that half the money should be used to assist Jewish settlers, a sum out of proportion to their 20 per cent of the population. They declare that no Arab has lost his living through Jewish purchase of land. Legislation which would put an end to Jewish purchase of land is feared, but the Jews have been assured that any such measure has been postponed. The Jews likewise have declined to appoint an assessor. Thus both Arabs and Jews find themselves in opposition to the wishes of the mandatory power, which is trying to help both at no profit to itself.

Arab nationalism has revealed itself in another way in the agitation for the election of a native Palestinian of Arab descent to be Patriarch of Jerusalem in the Greek Orthodox Church in place of the deceased Patriarch Damianos. The question has an economic bearing, since the church is possessed of considerable wealth, the management of which is controlled by the Patriarch. The influence of the High Commissioner was invoked, with the threat of secession and the organization of an autocephalous church in case of failure.

FOREIGN SCHOOLS IN TURKEY

Foreign elementary schools in Turkey have been severely curtailed by a new law, which provides that "all children of Turkish citizens [who are] to receive their elementary education in Turkey shall henceforth for this education go to Turkish schools only." Some 250 schools are affected, the great majority of whose pupils have been the children of Turkish citizens. The Turks have been much concerned lest foreign schools "colonize" their young people, and have looked with especial suspicion upon French schools, conducted legally by Roman Catholic priests and nuns and aided more or less by French governmental funds. Tewfik Rushdi Bey is

reported to have said a year ago that "French schools will have to disappear, as the Turks prefer to have French taught in Turkish schools rather than in French ones." American schools, which are mostly secondary and collegiate, will not be affected immediately by this regulation, but in the future they will find their pupils less well prepared.

While Kurdistan did not rise in revolt in 1931, as in 1925 and 1930, there has been enough trouble, including recent acts of brigandage, to lead the Turkish Government to resolve on further deportations of Kurds and other nomads. About 2,000 are to be removed to Thrace, in the neighborhood of Rodosto.

In September the Turkish Finance Minister informed the Council of Bondholders of the Ottoman Debt that, pending the conclusion of a new agreement, Turkey would pay one-third of the annuities provided for in the 1928 agreement.

PERSIAN MONOPOLY LAWS

Last February and March the Persian Parliament, in view of ad-

verse economic conditions, placed in the hands of the government a monopolistic control of foreign trade. On June 25 Lord Parmoor, Great Britain's Lord President of the Council, in replying to a question, stated that the Persian Government was taking advantage of its rights under this law to hinder and prevent importation of certain articles. Foreign merchants have suffered severely and the British have been affected more than those of any other country. Both government and press in Persia took exception to Lord Parmoor's statements as suggesting infringement of the rights of an independent country to control its own internal affairs.

A law became effective in Persia on Sept. 24 which permits women to seek a divorce from their husbands and establishes the marriageable age at 16 years for women and 18 years for men. Persia, like India, has been discredited by its child marriages. Apparently the custom of temporary marriage by agreement of adults has not been changed.

China and Japan Clash in Manchuria

CHINA and Japan have lately been proceeding with alarming determination along a course which threatens to embroil the Far East in an armed conflict of major proportions, despite the conciliatory offices of the League of Nations, which was supported in its efforts by the American Government, acting independently through its diplomatic representatives. On Oct. 10 Secretary of State Stimson sent a note to the League declaring that the United States would endeavor to reinforce whatever the League might do. The note did not invoke either the Kellogg pact or the nine-power treaty for the preservation of

By RALPH NOREM
*Department of Political Science,
University of Minnesota*

Chinese integrity. The reason for this was to avoid the appearance of compulsion upon either Japan or China.

Events had just taken a turn for the worse, for on Oct. 8 Chinchor, Vice Marshal Chang Hsueh-liang's temporary Manchurian capital, southwest of Mukden, was bombed by Japanese naval airplanes. This attack served as the spur to an announcement the following day by Japan that she intended to force the establishment in Manchuria of a régime friendly to her own interests in the South Manchurian Railway, control of which was vested in her by the treaty of Portsmouth. Marshal Chang, accord-

ing to Tokyo, had repeatedly threatened Japanese rights, and the air raid on Chinchor was in retaliation against actions of his troops.

Sino-Japanese enmity is complex and long standing; since 1905, if not before, China has been accused of blocking Japanese privilege established by treaty, and Japan of extending her influence to the detriment of China. The most recent developments, however, may be briefly reviewed.

On June 28 Captain Shintaro Nakamura of the Japanese Army and three companions were shot to death and their bodies cremated not far from Suekungyeh, Manchuria, which is about sixty miles south of Taonan. Some weeks passed before news of the event reached the Japanese authorities. On July 27 notice was given to the press not to mention the incident nor to mention that Nakamura was an army officer. The passport under which Nakamura traveled was issued by the Manchurian authorities and described him as an educator engaged in geographical and historical studies. The Japanese Foreign Office sought to suppress the news that Nakamura was an army officer, on the ground that there would be less agitation if he were described as in the passport. Of this the army authorities would hear nothing. The killing of an army officer was a serious matter; they would make the most of it, and when the ban was lifted on Aug. 17 reports of the assassination appeared in the press. No information has come from Japan as to the precise nature of the mission upon which Nakamura was sent into Mongolia. Reports indicate that he was in possession of



CENTRE OF THE SINO-JAPANESE DISPUTE

a large sum of money at the time of his assassination.

Japanese army leaders sought to bring pressure upon the Foreign Office, and on Sept. 4 gave notice that if diplomatic negotiations failed as a first step they would take "certain action" as a second step. Baron Shidehara, Japanese Foreign Minister, apparently was not greatly influenced by this threat. On Sept. 9 he dispatched a note to the Mukden authorities, distinctly conciliatory in tone, asking apology, indemnity, punishment of the guilty and assurances for the future. The amount of the indemnity was computed on an actuarial basis and perhaps did not exceed \$25,000. The note had the effect of clearing the air. The Mukden authorities learned precisely what Japan demanded and learned also that no indemnity humiliating in amount would be required.

On Sept. 14 a telegram was received from Chen Hsing-a, commander of the gendarmerie of the four northeastern provinces, to the effect that the murder of Captain Nakamura of the

Imperial Japanese Army had been found to be an act of the soldiers belonging to the Third Corps of the militia. General Chen Hsing-a had been sent by the Mukden Government at the head of an investigating party to the scene of the assassination. Consul General Hayashi in Mukden at once notified Tokyo of the Chinese admission that the Nakamura party had been assassinated by soldiers. Thereupon a parley was held at the Japanese War Office by General Minami, the War Minister, and General Kanaya, the Chief of Staff. At this meeting General Kanaya is reported to have said: "This is an ideal opportunity to settle the pending Manchurian and Mongolian issues *en masse*. We must take a determined attitude and try to solve more than 300 problems one after another and we want a final solution to each question. At the same time, the Chinese contempt of the Japanese Empire must be removed." With these views General Minami was reported to be in entire harmony.

Meanwhile, as the Mukden authorities were awaiting the return of the investigating party led by General Chen Hsing-a before preparing the formal reply to the Japanese note, a new crisis intervened and the Manchurian problem entered upon a more acute stage. According to the information emanating from Japan, and upon which the stamp of official approval has been given, the new crisis arose as follows: On the evening of Sept. 18 a squad of six Japanese railway guards, while patrolling the South Manchuria Railway at Peitaying, a suburb of Mukden, heard a violent explosion about 500 yards in their rear and saw several Chinese soldiers running from the scene to the Peitaying barracks, which are located near by. The squad pursued the soldiers and were fired upon by other Chinese troops lying in ambush. A sharp battle ensued, with reinforcements on both sides. By 2:30 on the

morning of Sept. 19 the Japanese soldiers were in possession of the barracks. Later the Japanese soldiers, under the command of Lieut. Col. Shimamoto, took possession of the government buildings, an arsenal, radio stations and various other vital points within and without the walled city of Mukden. The headquarters of the Kwantung army was at the same time moved from Port Arthur to Mukden.

In order to protect Japanese residents and property along the South Manchuria Railway the Japanese disarmed the Chinese soldiers at Antung, Penkihu, Fenghucheng, Chantu and Yingtou and took possession of strategic points near the railway in these cities. On Sept. 21 a contingent of Japanese soldiers, as well as a mixed brigade of 4,000, was dispatched from Korea to Manchuria. This brought the number of Japanese troops in Manchuria up to 14,400, 600 fewer than are permitted by treaty.

In Japan, the military authorities, uncompromisingly opposed to any policy of conciliation with regard to matters affecting Manchuria, found a wide popular support, notably in the Seiyukai, the party of Opposition. At a meeting of the Cabinet held on Sept. 21 War Minister Minami urgently recommended that reinforcements be sent from Japan to the scene of difficulty, but in the end Baron Shidehara, supported by Finance Minister Inouye, succeeded in postponing consideration of the matter. The peace policy of Shidehara was championed by Prince Saionji, the sole surviving Genro, who, despite his great age, is still a powerful influence in Japanese politics. C. T. Wang, the Chinese Foreign Minister, sought an amicable settlement of the dispute by lodging strong protests with Japan, appealing to the signatories of the Kellogg pact and laying the facts before the Council of the League of Nations.

The resolution of the League of Nations requesting both powers to withdraw their troops was received on

Sept. 23. By this time the Chinese forces had already been recalled and Japan had vacated the territory, except in the neighborhood of Mukden, Changchun and Kirin, where Japanese soldiers were still stationed outside the railway zone. In two of these cities, Mukden and Changchun, the troops could be withdrawn into the railway zone by walking them from one part of the city to another. In Kirin only 200 soldiers remained and these Japan had declared would be withdrawn as soon as safety permitted.

The crisis has evoked a martial spirit in China which may have far-reaching consequences. Students by the thousands have demanded war, and on Sept. 28 a group of them invaded the Foreign Office in Nanking and inflicted serious bodily injuries upon the Foreign Minister. When Wang submitted his resignation two days later it was accepted by the Central Political Council without delay and the office was offered to Alfred Sze, Chinese Minister to Great Britain and chief delegate to the League of Nations. Sze, however, flatly refused to accept the post.

The crisis seems also to have opened the way to conciliation between the rival Nanking and Canton Governments. Before the Manchurian clash relations between the two factions were leading rapidly to open warfare, and the long expected northern advance of the Cantonese military forces had begun. [See the article, "China's Southern Secessionists," by J. O. P. Bland, on pages 235-239 of this magazine.] On Sept. 7 Chiang Kai-shek announced that Cantonese troops under General Chen Chi-tang had taken possession of Chenchow, which is about twenty miles north of the Kwangtung-Hunan border. The force stationed there by the Nanking Government had withdrawn, without offering resistance, to Hengchow, which is near the southern terminus of the northern section of the Han-

kow-Canton Railway. In the days that followed, actual fighting between the Nanking and the Canton troops was reported, but no serious attempt was made by the Southerners to take Hengchow.

It was reported on Sept. 18 that the Southern Army had been suddenly recalled to the Kwangtung-Hunan border. One explanation offered for the retreat was the arrival of an emissary from Marshal Chang Hsueh-liang, who reported that negotiations were in progress between Peiping and Nanking looking toward the retirement of Chiang Kai-shek as President of the State Council. Finally, a compromise was reached on Oct. 2, according to which the Canton Government would voluntarily dissolve and the foreign policy enunciated by Eugene Chen, Canton Foreign Minister, would prevail. It was also agreed that three plenipotentiaries from each of the governments would meet on Oct. 12 to nominate the personnel of a joint régime.

While a movement for union has been going on in the South, a movement toward dissolution has been going on in the Northeast. Three regional governments were set up and each declared its independence from Nanking. The first of these was in Harbin and sought to extend its sway over North Manchuria, Barga and Inner Mongolia. The leaders are Mongolian and Manchurian princes. The former have long been restive because of the encroachment of Chinese farmers upon their grazing lands. The latter regard Manchuria as the homeland of the Manchu and look upon the Chinese as intruders. The second government was set up at Kirin and sought to extend its sway throughout Kirin Province. It is composed of members of the old Chang Tso-lin organization who disapprove of young Chang's alliance with Nanking. The third government was set up at Mukden and proposed an independent South Manchurian republic.

TO AND FROM OUR READERS

[The Editor invites comments, within 100 words, on articles which appear in the magazine. Anonymous communications will be disregarded, but the names of correspondents will be withheld from publication upon request. The Editor assumes no responsibility for unsolicited manuscripts unless accompanied by return postage.]

MISS LEONIE SIGRIST has written pointing out an inaccuracy in "The Age-Long Franco-German Conflict," by Robert Dell in August CURRENT HISTORY, namely, the statement that Alsace and Lorraine were "united to the French Crown by the marriage of Louis XV with Mary Leczinska." Alsace was ceded to France, with certain reservations, by the Treaty of Westphalia in 1648. The greater portion of what is now known as Lorraine became French territory by the Treaty of Vienna in 1735. Louis XV's marriage to Mary Leczinska took place in 1725.

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THE POPE'S DISPUTE WITH FASCISM
To the Editor of Current History:

CURRENT HISTORY is in my opinion one of the finest periodicals in America for serious thought and fair discussion, and the article by Walter Littlefield, "The Pope's Dispute With Fascism," in the October number, is especially interesting and informing. Mr. Littlefield points out that non-Catholic religions have little freedom of action in Italy. But is not such a state of affairs to be found in most countries with an established church? In Lutheran Sweden the Catholic minority is given few opportunities to act freely. Even in England, where "freedom slowly broadens down from precedent to precedent," when the promoters of the Eucharistic Congress a few years ago desired to conclude the assembly with a procession bearing the Blessed Sacrament through the streets, the Protestant Evangelical Association lodged such a vigorous protest with Prime Minister Asquith that the procession was called off.

THOMAS O'HAGAN.

Toronto, Canada.

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THE FRANCO-GERMAN FEUD

To the Editor of Current History:

A close study of "The Age-Long Franco-German Conflict," by Robert Dell, and "The Keystone of French Foreign Policy," by Professor Lindsay Rogers, both in August CURRENT HISTORY, convinces me that both writers are too friendly to Germany to understand the French position. Mr. Dell should forget that he is a Nordic (presumably) and that the French are Latins. On the other hand, it would be well that he remember that the Rhine is the natural frontier between Germany and France and that all lands on the left bank of the river should belong to France. As to Professor Rogers, his views are so pro-German that one would think a German had written his article.

I personally am in accord with Dr. René W. Pinto's remarks in September "To and From Our Readers" concerning Dr. Hermann Oncken's contribution to the same symposium to which Mr. Dell and Professor Rogers lent their views. It seems to me that Dr. Oncken twisted

historical facts to suit his whim, but then, he is a German, and his hatred of France is quite within my understanding.

KARL BEHRENS.

Brooklyn, N. Y.

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INDIAN TRIBAL ARTS

To the Editor of Current History:

The recent discussions in your magazine of the "problem" of the American Indian seem to overlook one important contribution that he is able to make to our civilization. The Indian has one ability that is peculiarly his own and one of which our culture stands in need. That is his art. The art of the American Indian has never been given proper recognition as one of the world's great original expressions of design. Even those who know of archaeological discoveries, exquisite antique vases, baskets and textiles, fail to realize that the Indian arts have persisted, through centuries of vast changes, down to our own day. Throughout the United States, Indian artists and craftsmen are still producing things of great intrinsic beauty, in keeping with an esthetic tradition that had its origin in pre-Columbian times.

In order to correct the erroneous but general impression of the Indian as an untutored savage, a group of prominent scientists, artists and art lovers have formed a national organization, of which John Sloan, the painter, is president, for the purpose of presenting Indian art as art. The Exposition of Indian Tribal Arts will open in New York in December and tour the principal cities of the United States during the following two years, after which it is hoped to take it to Europe. This important movement to win the general recognition that their art deserves cannot fail to benefit the Indians themselves and help to restore them to their rightful dignity as great artists who retain the primitive qualities for which modern white artists are striving. AMELIA ELIZABETH WHITE, Chairman Executive Committee, Exposition of Indian Tribal Arts.

New York City.

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**PRESIDENT HARDING:
A REAPPRAISAL**

To the Editor of Current History:

Having been in the Executive Offices in Washington under President Harding as Assistant to the Secretary to the President, Mr. George B. Christian Jr., I feel that CURRENT HISTORY has performed a just and timely service by publishing Sherman Blanchard's article in the October issue.

It is well to recall the conditions which Harding had to meet and overcome in his brief tenure of office. At a time when the country needed the full vigor of a President, his predecessor, Woodrow Wilson, had for a year and a half been stricken in ill-health. When President Harding came into office he found that many things essential to the restoration of normality in government had unavoidably been delayed and needed his attention. The pressure by office-seekers, in the midst of hard times, after his party had been out of power for eight years, was incessant and time-consuming. The business depression beginning in 1920 had

become very severe. Samuel Gompers, calling at the White House to advise on the restoration of work to the unemployed, repeatedly stressed the fact that 5,000,000 men were out of jobs.

The very reforms and retrenchments in the government which Harding brought about placed heavy burdens upon him. For example, the forcing of the new budget system upon often unwilling departments took all the tact of the President as well as the skill of Charles G. Dawes, Director of the Budget. The vast cuts in governmental expenses recorded by Mr. Blanchard were resisted in all too many directions by officials who disliked to recede from the spending standards established by the war.

The public may or may not recall the prolonged efforts of President Harding to minimize the coal and steel troubles of 1922 or his securing of the reduction of hours of labor in the steel industry. So serious became the coal troubles that he was eventually forced to send General Bandholtz and 700 regulars into West Virginia to prevent a grave clash. The public cannot be expected to remember that Mr. and Mrs. Harding remained in Washington all through the debilitating Summer of 1922 while the President sought to restore good relations between capital and labor. In this fact will probably be found a cause for the illness that Autumn of Mrs. Harding which nearly resulted in her death. Without a vacation Harding had to take his place by the side of the invalid and essay the tasks of nurse and comforter as well as those of the Presidency. In these things were the causes of the President's own illness in January, 1923, which seriously sapped his strength. In these things and in many others that could be enumerated may be found the explanation of why, as Mr. Blanchard says, President Harding "did not adequately supervise the work of subordinates."

The task of a President in bringing a government back to "normalcy" after a world war is no easy one. Small wonder that Harding failed to keep watch upon men who had his unreserved trust. His troubles were that, fundamentally honest himself, it never occurred to him that a man in high office could be corrupt, and that, loyal to every friendship, it never occurred to him that those whom he trusted so fully would betray the trust.

The value of President Harding and of President Coolidge, who so ably carried out the policies initiated by his predecessor, will be better understood when one considers the vast reduction they made in the public debt, in interest charges and in tax assessments. Where would the country be now in these days

of present debt increases and coming tax increases if they had not cut the debt from \$25,500,000,000 to \$16,000,000,000? Mr. Blanchard's article points the way to future writers who will appraise Harding's administration by its great and enduring accomplishments as well as by its few corrupt officials who brought disgrace upon it.

CHARLES E. HARD,
Chairman, Scioto County Central Repub-
lican Committee.

Portsmouth, Ohio.

* * * BUSINESS DEPRESSIONS SINCE THE CIVIL WAR

To the Editor of *Current History*:

Professor Eiteman's history of "Business Depressions Since the Civil War" in the October CURRENT History will be accepted for the most part as accurate. However, the statement of what brought to an end the 1873 depression can hardly be found fully so. The author says: "The depression of 1873 was brought to an end in 1879 by a fortuitous event. This was the occurrence of bumper crops in America and the poor crops elsewhere in the world for three consecutive years. Thus the world was forced to purchase its food supply from American farmers at very high prices. The subsequent expenditure of these funds by Americans set in motion forces which brought the return of prosperity."

The coincidence of a more abundant crop yield in America than elsewhere following 1879 was a stimulus for American business. But that this trade advantage could affect business to the extent of turning depression into prosperity cannot be accepted without question. A large crop yield sold at a high price would bring a liberal supply of money to the farming region in the West. This money would come from abroad and from the Eastern industrial section of America. That "the subsequent expenditure of these funds by Americans," however immediately made, could have the magic effect to "set in motion forces which brought the return of prosperity," is a claim which needs proof. In the first instance, America's gain would be measurably at the expense of our buyers elsewhere, thus making general prosperity less likely. Besides, this prosperity came at a time following a money agitation concerning greenbacks, "the crime of '73," and the fall of prices due to the single gold standard set up by the Resumption Act. The agrarian West will not agree that there was a sharp upturn of prices of farm products such as would be required to justify the statement by Professor Eiteman.

Bruce L. KEENAN.

Tahlequah, Okla.

* * * THE LANGUAGE WAR IN BELGIUM To the Editor of *Current History*:

In his article, "The Language War in Belgium," in your September issue, M. Henri Laurent misstates the case of the condemned Flemish extremists when he says that "a law of general amnesty was passed." Amnesty means pardon, and the law to which M. Laurent refers does not pardon anybody. On the contrary, this law, which in Parliament is referred to not as *loi d'amnistie* but as *loi de clemence*, merely decrees the discontinuance of the penalties. It upholds the verdicts and rules that the guilty shall not regain their titles, rank nor official position. Confiscated property or fines paid are not to be returned. The prisoner Borms, although elected to Parliament, is not allowed to take his seat there. Lack of space prevents my offering further

TO AND FROM OUR READERS

315

proof of the fact that M. Laurent's "law of general amnesty" is still to be enacted in Belgium.

KAREL H. DE HAAS.

Rotterdam, Holland.

UNITED STATES-MEXICAN RELATIONS

To the Editor of *Current History*:

Professor Charles W. Hackett, in the article "United States-Mexican Relations" in September *CURRENT HISTORY*, praises the supposedly friendly relations between the two nations. If he refers to friendship between members of the bureaucratic class, he may be justified, but between the peoples themselves no such sympathy exists. The United States Government has supported, much to the resentment of my fellow-countrymen, incursions from the North which affect our liberty as well as our natural resources, and the real state of affairs has been concealed from both Americans and Mexicans by the influence of banking and high finance. True international friendship cannot be fostered by tactics of such a nature.

BRAULIO PAREDES.

Ciudad Juarez, Mexico.

READERS' COMMENT

A. W. Bayard, publisher of *La Hacienda* (New York), writes: "In the welter of articles on Russia, it is very pleasing to read those which are published in *CURRENT HISTORY*. The article by Lement Harris, 'The Life of Soviet Peasant,' which appeared in July *CURRENT HISTORY*, interested me particularly."

To the Editor of *Current History*:

Having been a regular reader of your magazine for over twelve years, I am writing to congratulate you upon your August issue, which I think is quite the most interesting you have ever produced.

STANLEY B. REECE.

Liverpool, England.

GENERAL PERSHING

To the Editor of *Current History*:

The article on General Pershing in May *CURRENT HISTORY* is one of the best written and truest appreciations of a military commander that I have ever had the pleasure to read. Colonel Minnigerode's division of successful war leaders into leaders and dominators is original.

Certainly in keeping his command intact, despite the bullying of allied civil and military officials, and thus maintaining under the American flag a splendid fighting unit, General Pershing served his country well.

ALFRED B. CRUIKSHANK.

Paris, France.

DEFAMING AMERICA

To the Editor of *Current History*:

The article "Europeans Who Defame America," which appeared in June *CURRENT HISTORY*, is marred by hypersensitivity. Mutual criticism of America and Europe by their respective citizens will make for better human culture and civilization. For this reason, all attempts to make such criticism ineffective should be avoided. If European criticism is what the author [of this article] claims, his article by its lack of careful analysis is likely to give only more grist for the critics' mill.

ARTHUR C. RAINER.

Brooklyn, N. Y.

To the Editor of *Current History*:

The article by Gustavus Myers, "Europeans Who Defame America," which was printed in June *CURRENT HISTORY*, interested me a good deal. However, to my mind the article would have been of greater value if it had pointed out some of the truth in the defamations of these Europeans.

With corruption and lawlessness on every hand in the United States, is it any wonder that foreigners have little praise for Americans? America will never receive the respect of the world as long as she tolerates crime and the betrayal of trust by her public servants.

CARL ROSSMAN.

Toronto, Canada.

THE SPANISH MARCH

To the Editor of *Current History*:

In the article on the Catalan Movement in your June issue, I was surprised to see the statement that Charles Martel established the Spanish March in 801. According to James Harvey Robinson's *History of Western Europe* he won the battle of Tours in 732, which resulted in the Moors giving up their attempt to conquer France (and probably Western Europe). Charles died in 741. His grandson, Charlemagne, undertook his first expedition to Spain in 778. After some years of war he established the Spanish March.

MARY H. HUMPHREY.

Simsbury, Conn.

THE VICTOR OF TANNENBURG

To the Editor of *Current History*:

Colonel Minnigerode in his article on General Pershing in May *CURRENT HISTORY* erred in attributing the victory at Tannenburg in 1914 to General Max Hoffmann. The real victor was General Erich Ludendorff, as is attested by General Buat in the preface to the French edition of Ludendorff's *Meine Kriegserinnerungen, 1914-1918*.

ERICH LEMMEL.

Georgenswalde, East Prussia.

BOOKS OF THE MONTH

The Trust Problem

Continued from Page VI

monopoly profits was at its height. His solution is simplicity itself—require mill prices to be publicly posted, such prices to be those legally ruling at the time. Purchasers can be relied upon to make them effective. In addition, he pleads for a presentation of the economic aspects of cases when presented for legal adjudication, hoping thus to clear away the confusion which concentration on legal precedent and verbal interpretation has introduced into the realm of trust regulation.

The bearing of these two notable books on the present issue is direct. Dr. Laidler demonstrates that the present laws have not prevented the development of "big business." Professor Fetter shows that they have not created or maintained competitive markets. The large enterprises, so clearly depicted in the first, are able to dominate the forces of price determination, particularly when the basing-point practice exists. In recent years the rigidity of the price structure for manufactured goods has called forth comment from various quarters, and Professor Fetter has performed a high public service in throwing light on the forces which underlie this rigidity. Yet business men ask for permission to act openly in concert in the determination of prices. The record of history is very clear that attempts at stabilization by concerted action have almost invariably been attempts to stabilize prices at a higher level. The evils of price control, even to the degree made possible by the basing-point practice, are strikingly pictured by Professor Fetter.

The Fall of the Kaiser

*By SIDNEY B. FAY**Professor of History, Harvard University*

THE FALL OF THE KAISER. By Maurice Baumont. Translated from the French by E. Ibbetson James. New York: Alfred A. Knopf, 1931. Pp. xiv, 253. \$2.75.

THE tragic days culminating on Nov. 9, 1918, with the armistice negotiations, the Kaiser's abdication and Scheidemann's proclamation of the German Republic, have been variously de-

picted in innumerable official memoranda, unofficial biographies and newspaper stories. They form a welter of confused contradictions, sentimental regrets and biased accusations. Maurice Baumont has carefully excerpted and arranged these various narratives in an effort to present an accurate and impartial account of the Kaiser's fall.

Though Wilhelm II has often been charged with cowardice in the flight to Holland, the charge is unjust. He acted only very reluctantly under the compelling advice of his civil and military advisers. Prince Max of Baden, Chancellor during the five weeks before Nov. 9, was convinced, after the revolts at Kiel and the other German cities, that the Kaiser's voluntary abdication, followed by a regency, would facilitate the armistice negotiations and was the only thing that could save the Hohenzollern dynasty and prevent civil war. He tried to get these views tactfully to his imperial master, but the Kaiser suddenly left Potsdam on Oct. 29 to join G. H. Q. at Spa. Here he was further out of touch than before with the revolt which was spreading in Germany. At Spa he refused to consider abdication and was at first supported by Hindenburg and Groener, who had just replaced Ludendorff as Quartermaster General.

A few days later Groener visited Berlin. With vigorous loyalty to his supreme war lord, this Wuerttemberger energetically opposed abdication in his talks with Prince Max. But what he saw and heard at Berlin changed his mind. On his return to G. H. Q. he also advocated abdication. Hindenburg, with tears in his eyes, felt he had to agree with him in view of the increasingly pessimistic reports pouring in from all sides. Fifty officers, summoned from the front to Spa on the morning of Nov. 9, strengthened the opinion that the weary army could not be counted upon to fight in defense of the Kaiser against the spreading revolt in Germany. Incessant telephone messages from the Chancellor's office in Berlin urged the immediate abdication of the Kaiser as absolutely necessary to prevent civil war. The necessity was not denied by the officers at Spa, but still the Kaiser would not abdicate. Finally, about 11:30 A. M., Prince Max announced the abdication to the press. Under pressure of

this *fait accompli*, Wilhelm II at last agreed to abdicate as Emperor, but not as King of Prussia, and gave his entourage to understand that he would remain with the army. But his Generals, fearing for his safety and doubting whether he could return across the Rhine bridges, already occupied by mutinous soldiers, made arrangements for his retreat to Holland. At 4:30 A. M. on Nov. 10 the imperial train pulled silently out of Spa; two red lamps on the last car were the only indication that Wilhelm II was leaving Germany forever. The train stopped at the next station and the Kaiser was transferred to an automobile, which took him over the Dutch frontier at dawn.

M. Baumont has been diligent and impartial in collecting all available material. But he is naïve in evaluating it. He fails to make the essential stand out sharply from the unessential. He clogs the story with too much that is trivial. His book would have been twice as good if half as long.

A History of Peace

By JONATHAN F. SCOTT

Assistant Professor of History, New York University

THE HISTORY OF PEACE. By A. C. F. Beales. New York: Lincoln MacVeagh. The Dial Press, 1931. Pp. 355. \$4.

WHETHER war can be permanently abolished remains to be seen, but at any rate the necessity of war no longer exists. An international machinery has been set up whereby every dispute likely to lead to a rupture between nations may be peacefully settled, if only the countries involved so will. This is a far different situation from that existing in 1815, the year that marked the close of the Napoleonic wars and the beginning of the modern peace movement. Mr. Beales, in his history of that movement, sets out "to discover how far the peacemongers of the nineteenth century were responsible for the change."

Before 1815 there was no real peace movement. Many schemes had been propounded looking toward the abolition of war, the earliest on record being a Chinese proposal for disarmament in 546 B. C., but there was no unity or continuity in these plans. The efforts after 1815, on the contrary, were organ-

ized, coherent and inspired by two leading ideas—pacifism and internationalism. For the most part pacifism and internationalism developed harmoniously, working toward five common ends, "arbitration, arbitration treaties and clauses in treaties, an international authority or tribunal or congress, the codification of international law, and disarmament." But the two theories parted company on the question of sanctions. Pacifism was totally opposed to the use of physical force, relying on moral compulsion alone to preserve peace. Internationalism, on the other hand, aimed at the organization of the world in a community of nations, stabilized, where necessary, by the use of combined material force to compel recalcitrant nations to keep the peace. Leadership in the peace movement lay at first with the pacifists, later with the internationalists.

Mr. Beales divides the history of the modern peace movement into three parts, the first from 1815 to 1867. Early in this first period four peace societies were launched, in the United States, England, France and Switzerland. The peace societies published journals, supplied lectures and organized other forms of propaganda. Their influence, slight at first, was increased after 1840 by cooperation with the Free-Trade movement. Beginning in 1848, a series of annual conventions was held in various European capitals and by 1851 the movement "commanded the attention of two Continents," reaching a height of influence which it was not to attain again until the end of the century. This influence, however, declined rapidly after the outbreak of the Crimean War.

During the second period, from 1867 to 1889, many new peace societies were formed, while the older ones renewed the activity that had so visibly slackened in the '50s. Two societies were formed for the codification of international law which in course of time they transformed "from a set of principles into a science." Much more pressure than in the earlier period was exerted on governments and politicians, resulting in one instance in the formation of an Inter-Parliamentary Union, composed of peace advocates drawn from the Legislatures of many countries. Another result was governmental action in the direction of arbitration, the comple-

tion of a number of arbitration treaties, the planning of others. The peace movement was winning new respect and was becoming much better organized than it had been. Universal peace conferences were again inaugurated, virtually reviving the series that had met from 1848 to 1851. "It can be said, then, that by 1889 there was in existence a Universal Peace Movement—albeit diverse in origin, ununited in principle, and rudimentary in organization."

The third phase of the movement, from 1889 to 1914, witnessed a momentous race with catastrophe. The period was marked by the publication of "the greatest peace novel of all time," Baroness von Suttner's *Die Waffen Nieder* ("Down With Arms"), by the establishment of the International Peace Bureau and the Inter-Parliamentary Bureau, by the founding of the Nobel Peace Prize and the Carnegie Endowment for International Peace, and by the two great Hague conferences of 1899 and 1907. During the same period arbitration made remarkable strides. As a result of the first Hague conference the Court of International Arbitration was established. By 1914 treaties in effect containing arbitration clauses numbered 194. Peace societies multiplied—there were 425 of them in 1900—but the forces making for war were stronger than those making for peace. Catastrophe won.

The story of peace can be made as interesting as that of war; Mr. Beales's book proves it. He does not, it is true, attempt to attract readers through brilliancy of style. His is a sober, scholarly narrative, well buttressed with footnotes. But he writes with clarity, enhanced by frequent summaries, of a movement inherently absorbing. The chief criticism to be made of his work is that in trying to show how far the peace movement has contributed to the international organization of today he has attempted too much. It is impossible to estimate with anything approaching certainty how far the international machinery of today is due to the peace movement of the nineteenth century, how far to the normal progress of diplomacy and how far to reaction against the catastrophic world war. Certainly Mr. Beales establishes little definite connection between this machinery and pre-war peace propaganda. What he

does show, however, is that the peace movement of the nineteenth century was far more significant than is generally realized and that, despite setbacks from time to time, it exercised a growing influence on the thought and action of mankind.

Von Buelow's Memoirs

By WILLIAM E. LINGELBACH
Professor of History, University of Pennsylvania

MEMOIRS OF PRINCE VON BUELLOW. Volume I: From Secretary of State to Imperial Chancellor, 1897-1903. Translated from the German by F. A. Voigt. Illustrated. Boston: Little, Brown & Co., 1931. Pp. 751. \$5.

BRILLIANT, sensational and fascinatingly interesting, Prince von Buelow's memoirs constitute a historical as well as literary document of extraordinary significance. They follow the French fashion in that they are intensely subjective, recording only what the author "himself experienced and what he himself did." The four volumes, which cover approximately the years 1850-1919, were dictated during the five years after the author had passed his seventy-second birthday and were subjected to careful revision during the three remaining years before his death in 1929. The first volume deals with the three years of Buelow's Secretarship for Foreign Affairs and the first third of his own Chancellorship.

Rarely if ever has a memoir writer of such note and ability commanded such a wealth of material. Beginning his diplomatic career in the school of Bismarck, he served as secretary of the Congress of Berlin and represented Germany at different embassies, especially in Rome, whence he was called to become Secretary of State for Foreign Affairs in 1897. In 1900 he was made Imperial Chancellor, a post he continued to occupy for nine years, until he retired. But he continued a close observer of public affairs till summoned to go again to Rome during the first year of the war.

Buelow writes with a frankness that is both startling and ruthless; he seems to find a malicious pleasure in exposing the faults and frailties of friend and foe alike, scratching with his long nails which are none the less cruel because well manicured. Of the crowned heads, statesmen, diplomats, soldiers, scholars,

journalists and petty officials who crowd his pages, none escapes his vitriolic pen. Often the scratch is made in the most casual manner, as in the case of "Professor Theodor Schiemann, who was outdone in the art of flattering the Kaiser only by Adolf von Harnack."

One marvels that a man with such exceptional knowledge of *Grosse Politik* should give so much attention to gossip and scandal. The rumor of the doubtful parentage of Ernest, Duke of Coburg, and his brother, the Prince Consort of England, is surely of no consequence. "The lovely story" of the Kaiser concerning one of his aunts, and that lady's spirited retort, "I'd rather be descended from a respected doctor than an idiot King," is not quite in accord with von Buelow's disclaimer that he has "never found anything more futile than that sort of research into paternity."

As for the Kaiser, whose presence is naturally ubiquitous throughout the volume, Buelow unveils an extraordinary portrait. "Not mentally unsound," he assured the anxious Hohenlohe after one of William II's erratic acts, "but very impulsive, completely lacking in foresight." While he credits the Emperor with kindly impulses, courage and fortitude, he speaks of him as "tactless"; "spoiled"; "given to boasting"; "not too careful of the truth"; "fond of drinking deep and sounding the loud horn"; "not a fool but he often lived in a fool's paradise"; a "neurasthenic, always oscillating between excessive optimism and equally excessive pessimism." Greedy of fame, the Kaiser viewed life from the subjective standpoint. Being egocentric, opposition annoyed him, and his entourage gradually sought only to agree with a ruler whose "*qualité maitresse* was a lack of common sense." Intellectual and versatile, he adapted himself to every new environment. When in Russia he felt like a Russian, in England "like the Queen's grandson and Admiral of the fleet."

Very different is the picture of Bismarck, who is aptly described as "the growling Titan of Friedrichsruh," by whose gigantic figure William II was haunted during his entire reign.

On the great international questions of Buelow's own administration regarding which one would naturally expect really penetrating discussion, the memoirs unfortunately read very much

like an apologia. His direction of German affairs covered the crucial years when new alliances were forming and new rivalries, economic and political, developing. There was call for constructive statesmanship of a high order. This, even if we accept the apologia at its face value, Buelow failed to exercise. To be sure, the burden he "inherited from Marschall was neither pleasant nor light." Russia had been offended by the Kruger telegram; Japan by the Bismarckian reinsurance treaty and had been thrown in the arms of France; Great Britain had been deeply wounded by the Kruger telegram, Japan by the Far Eastern Triple Alliance made by Holstein.

On the other hand, Buelow corrected none of these conditions. Against his repeated statement of true friendship for Great Britain must be set his rejection of Chamberlain's overtures for an alliance; against his sponsoring of the larger navy in the interests of colonies, his abandonment of the finest of colonial opportunities in the Lake Tchad region. In spite of his outspoken criticism of those responsible for the estrangement of Russia, it was Buelow himself who in 1909, by his strong support of Austria in the Bosnia-Herzegovina crisis, broke with the precepts of Bismarck and made the breach inevitable. Instead of letting France cool off he continued to irritate her. In the Moroccan affair Germany had an excellent case. Not only had she a right to expect the courtesy of being notified like other powers of the Anglo-French agreement in regard to Morocco but she had at least a reasonable claim to a voice in the disposition of territories like Morocco, yet Buelow so bungled matters that Germany had no friend at Algeciras. Despite his constant depreciation of Holstein in the memoirs, in actual life he followed altogether too readily the lead of this mysterious individual of the Foreign Office whom Bismarck called the "blind worm."

Although the developments which lead directly into the World War are treated in the subsequent volumes, the author, in asides and digressions, comments constantly on the events of the later period. "As late as July 25, 1914," he says, "it was still possible for us to avoid the war." But the possibility of avoiding war does not mean, according to Buelow, that either the

Kaiser or the German people wanted war. On the contrary, he holds that Germany was involved in the war because of inefficient statesmanship through her relations with Austria. That history will accept Buelow's interpretation of events is extremely unlikely. A considerable storm of criticism and protest has already developed. After reading the *Memoirs*, and noting the manifest prejudices, the motivation in the effort to vindicate himself by putting the blame on other shoulders, and finally the reliance upon memory rather than upon documents, one is inclined to question whether these memoirs, like most others, are not after all valuable evidence as to the character of the writer and his contemporaries, rather than on the larger questions of policy.

The System of European Alliances

By CHARLES SEYMOUR
Provost, Yale University

EUROPEAN ALLIANCES AND ALIGNMENTS.
By William L. Langer. New York: Alfred A. Kopf, 1931. Pp. 536. \$5.

THE study of the diplomatic history of the period from the formation of the German Empire until 1914 received its first real stimulus from the outbreak of the war. People never know very much about the history of the day before yesterday, and it takes a great cataclysm to awaken them to its importance. Almost all the studies of this period, accordingly, have treated it from the point of view of war responsibility. The outstanding exception was Professor G. P. Gooch, whose masterly *History of Europe After 1878* was largely devoted to international relations and was written with a depth of perspective that transcended war issues. Since its publication, however, documentary material of the first importance has been made available. Professor Langer is the first historian writing in English to utilize this new material for an intensive study of the Bismarckian period; there is no one better versed in the great variety of sources that have been published; he writes, moreover, with a detachment possible, perhaps, only for an American, and with a critical sense worthy of his master, the late Archibald Cary Coolidge.

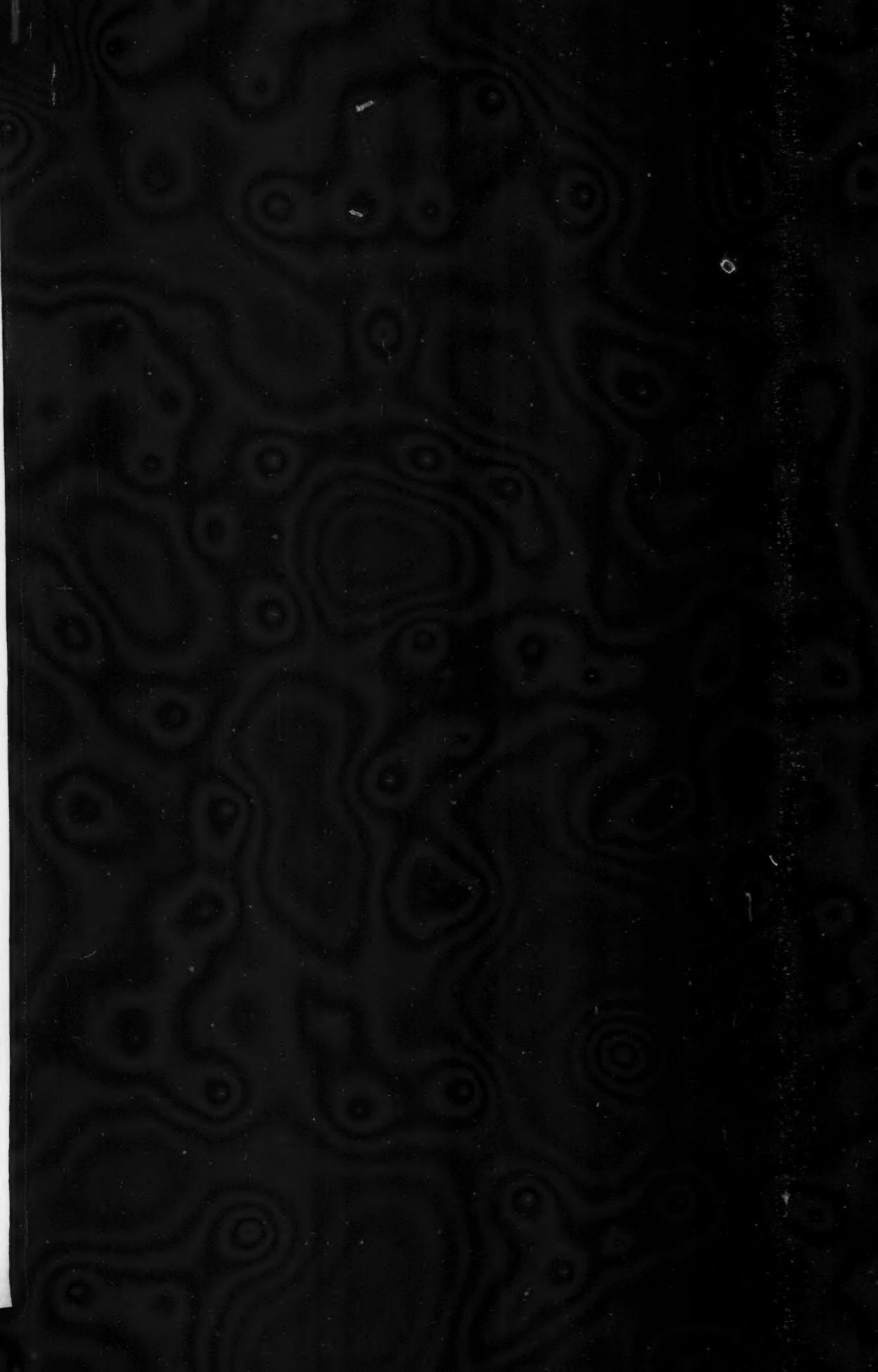
His book is of the first historical importance.

In the complex of conflicting factors that motivated the life of Europe after 1870 the author finds unity in the figure of Bismarck, himself so largely responsible for the new state of affairs that resulted from the overthrow of Napoleon III and the creation of the German Empire. Under his hand the European States system was evolved, that system which seemed so permanent to us in our youth and which has suffered such complete bankruptcy. Bismarck himself never understood the "European idea," exemplified in the Concert. Europe revenged herself by misunderstanding Bismarck. Whereas in his earlier period he was an international rebel, after 1871 he sought, above everything, for international stability. The conservation of the newly consolidated German power, its protection from revengeful or jealous rivals, intensive organization of the German federal system—all this demanded a period of tranquillity in the international sense.

At first Bismarck, as were also the European powers in general, was groping in the dark. After 1875 his policy became more sharply defined and the alignment of the powers more clear. He would doubtless have liked to reach an understanding with France, but by 1875, at least, he recognized that this was practically impossible; the coalition which he hoped to build between the three empires to protect Germany from a French attack was without foundations, because of the suspicions of Russia and Great Britain. As the restlessness of Russia increased and her discontent was fanned by the results of the Congress of Berlin, Bismarck departed from his earlier opposition to general alliances and entered upon the negotiations with Austria that led to the alliance of 1879. "If Germany and Austria were united they would be, together, a match for any enemy, France or Russia." In April, 1879, he was meditating "an organic relationship that could not be dissolved without the consent of the Parliamentary bodies." The resulting alliance was concluded in total contradiction to the ideas of the Emperor William I.

This alliance was the cornerstone upon

Continued on Page X





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BOOKS OF THE MONTH

The Trust Problem

By WILLARD L. THORP

Professor of Economics, Amherst College

CONCENTRATION OF CONTROL IN AMERICAN INDUSTRY. By Harry W. Laidler. New York: Thomas Y. Crowell Company, 1931. Pp. xvi, 501. \$3.75.

THE MASQUERADE OF MONOPOLY. By Frank A. Fetter. New York: Harcourt, Brace & Co., 1931. Pp. xii, 470. \$3.50.

THE trust problem is in the limelight again. And this time the switch was not turned on by enraged consumers, muckraking publicists or political aspirants, but by big business men themselves. The cry no longer is to curb combination or check monopoly, but to release industry from "the bonds and fetters of an antiquated body of legislation." Industrial leaders are clamoring for the removal, revision or temporary abandonment of the existing anti-trust laws.

That the public was placidly content with the existing degree of regulation is indicated by its calm acceptance of the vast number of mergers during the late years of the "era of prosperity." Now the pendulum is swinging the other way. Pointing to the current depression as an example of the evil which results from existing regulation, business men are claiming that stabilization can be accomplished by them if only they be permitted to organize each industry for the purpose of concerted action in the field of price determination, regulation of output and control over new capacity. Congress, in its next session, will undoubtedly be called on to reconsider our entire policy toward industrial combination.

Two extremely important contributions to the subject have appeared this Autumn. The first, by Dr. Harry Laidler, executive director of the League for Industrial Democracy and long known as a tireless research worker, is an attempt to describe the American economic system in terms of the extent of concentration of control existing in the major fields. Dr. Laidler has ferreted out an amazing amount of data, yet he would be the first to insist that our knowledge concerning the many and devious channels of control is inadequate. One of the serious gaps is in the field of investment banking, where Dr. Laidler is forced to

rely in large part on data from the Pujo Report, dealing with conditions twenty years ago. But regardless of the incompleteness of the record, the demonstration of the development of concentration of control in recent years stands on a secure basis. The descriptive material cannot be summarized, but a profound impression is made as one reads of oil, steel, copper, power, automobiles, shipping, cigarettes, motion pictures and a host of others, each dominated by one, two or three giant corporations. To cap the development, there are the many trade associations which bring the little fellows together with the giants in a central organization.

The larger part of the book might have been written by any first-class, indefatigable, econometrico-statistical research worker; it is matter-of-fact, with no attempt to draw conclusions or point a moral, but represents an ex-

tremely important contribution to our knowledge of the nature of our economic system. Finally, Dr. Laidler, while carefully suggesting other points of view, indicates briefly what this trend means to him. In the first place, it means that regulation has failed. Anti-trust legislation has failed to prevent combination to the point of virtual monopoly; regulation of the public utilities has thus far proved ineffective. As to the economic results of the trend, Dr. Laidler finds wide variations in different fields, but judges the

resulting conditions to a large degree to be socially undesirable. However, of dominant importance is the fact that the trust movement is preparing the way for socialization. It has demonstrated that large-scale operation is feasible; it has assembled many units into single organizations simplifying the problem of assuming control; and it has divorced ownership and operation, demonstrating that the profit motive is not essential to economic activity.

Professor Fetter, for many years head of the economics department of Princeton University, vigorously defends the thesis that anti-trust regulation has been wrecked on the rocks of stupid legal prosecution and antiquated legal principles. The courts "became lost a

Continued on Page VI

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generation ago and have not yet been able to find their way out." He pleads for economic analysis and insight and then presents in most entertaining and lively fashion a masterly example of such reasoning.

The first half of the book works over the records of the attempts to apply anti-trust laws to oil, steel, copper and the trade associations. With telling emphasis, Professor Fetter again and again finds prosecutors failing to present, courts failing to remark and business men succeeding in concealing "the masquerader"—"the basing-point" plan of delivered prices. The most familiar form of such a price structure has appeared in the steel industry, known as the Pittsburgh-plus practice, which is used by the United States Steel Corporation in quoting prices on steel as if it were to be shipped from Pittsburgh. When the shipment was made from a nearer mill there was a handsome profit in the unused freight charge. For example, steel which was made in Duluth and was sold there, was priced \$13.20 above the Pittsburgh price; if the same steel was sold in Chicago, the price was only \$7.60 above the Pittsburgh price, even though it had been shipped approximately 500 miles. Competitors quoted similar prices, either through a general sense of well-being resulting from the large profits which were produced by following the leader, or from fear of being forced into a price-cutting battle with the Steel Corporation. The result is a price structure which is non-competitive. To be sure, no one corporation has a monopoly, but the customary price practices among all the corporations in the industry is clearly a "combination in restraint of trade." So Professor Fetter finds monopoly very real in all those industries in which a basing-point plan of delivered prices exists, for monopoly enters as soon as competition is in some degree limited.

The price control which has and does exist is not to be scored solely on the basis of the fact that it was profitable to the conspirators and costly to consumers. It has enabled inefficient producers to survive. It has permitted antiquated plants to continue operation. It has encouraged undue expansion. It has built up large stocks of goods. It has resulted in over-capitalization of existing properties. In a theoretical section Professor Fetter describes the historical development of markets and of competitive prices. Such markets must be created again. He carefully demonstrates that delivered prices are not the result of a "natural" evolution but that they developed rapidly about 1900 during a period when the attempt to find a lawful method of obtaining

Continued on Page 316

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Continued from Page 320

which Bismarck built his system of international agreements which preserved the peace of Europe. That it was essentially defensive and conservative in spirit is to be argued not so much from the text of the treaty as from what Professor Langer shows to be the essential principle of Bismarckian policy, a system of checks and balances. "Germany desired peace, because she had nothing to gain by war and needed peace to consolidate what she had gained by war in the past. But Germany lay embedded in the very heart of Europe. Any war between the great powers would, almost of necessity, involve her sooner or later. Therefore Bismarck desired peace for the Continent. If England or any other power liked to have a little 'sporting' war or two in distant parts, that was one thing. An Afghan conflict or a native rising in Zululand left the German Chancellor quite unmoved. What concerned him was the Continent and the questions that reacted upon the Continental system. But throughout he aimed at holding the balance between east and west and at upholding the commanding position of Germany by playing off the one against the other." The final phrase does not imply, as is often supposed, that he was active in sowing discord. In reality he was continually interested in works of mediation, and it was for this that the series of agreements into which he entered was designed. With the creation of the Triple Alliance, the renewal of the Three Emperors' Alliance, Austria's treaties with Rumania and Serbia, intimate relations with Spain and even Turkey, Germany was safe from France, and even in a position to use the threat of an entente with France to weaken the extra-European position of Great Britain. With the passing of the "colonial interlude" and after 1887, the network of understandings included London, and through the Reinsurance Treaty with Russia not merely prevented a Franco-Russian alliance but built a bulwark for the preservation of peace between Russia and Austria. It was a supreme manifestation of the policy of self-interest based upon peace, working through a "series of security pacts designed to protect the German Empire from any conceivable attack." The great Chancellor has been accused of building a system that pointed directly to the outbreak of the World War in 1914. But nothing is more obvious than that the essence of the Bismarckian system, the principle of checks and balances, was discarded by his successors. More difficult to answer is the question whether the complicated and delicate diplomatic mechanism which he developed could have been operated

by any one of less diplomatic stature than Bismarck himself.

Russia and the Far East

By HAROLD S. QUIGLEY
Professor of Political Science, University of Minnesota

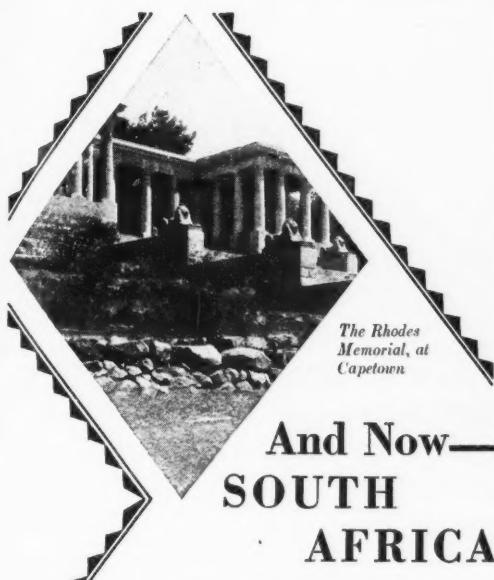
RUSSIA AND THE SOVIET UNION IN THE FAR EAST.
By Victor A. Yakhontoff. New York: Coward-McCann, Inc., 1931. Pp. xv, 454. \$5.

THE aim of this work, according to its author, "is to find, through an analysis of Russia's interests in the Far East, the proper explanation of her rôle there in the past, and a reliable interpretation of her present position; then, in the light of this analysis, to offer material for a reasonable forecast of her future." Mr. Yakhontoff has realized his purpose satisfactorily up to a certain point; he presents Russia's historical rôle with humor and critical insight, but when he considers the new Russia, he becomes an apologist rather than a disinterested expositor, a fact that is none the less apparent despite the reserve and liberality of spirit which distinguishes the whole discussion. The change of attitude does not detract from the interest of the argument and, in view of the many calumnies that are spoken and written of contemporary Russia the present work may be said to adjust the balance and thereby "to enable the reader to construct an unbiased * * * picture of Russia in the Far East."

Actually the author in the three parts of his study—Old Russia in the Far East, New Russia in the Far East and Russia's rôle in the Far East as a part of the problem of the Pacific Ocean—presents a general analysis of the contemporary Far Eastern situation, with special emphasis on the position of China, rather than a thorough exploration of the field delimited by its title. Mr. Yakhontoff is not in sympathy with the old Russia's "unfortunate adventure" in Manchuria which was "entirely alien to actual Russian interests." The Russo-Japanese War forced Russia "to stop her unjustifiable penetration into territory belonging to China" and encouraged Japan to assume Russia's former rôle until Japan "easily, though probably not entirely consciously, stepped out upon the road of aggression." Japan, freed from the balancing influence of other powers during the World War, "missed none of her advantages and China became soon her victim."

The Versailles Conference is viewed by Mr. Yakhontoff as callously humiliating the Chinese, the Washington Conference as averting war between Japan and the United States. Soviet Russia's popularity in China is

Continued on Page XII



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ascribed to a "way of treating" that country "so different from that to which the Chinese were accustomed." In 1924 the Chinese Nationalist party, the Kuomintang, was reorganized largely under Russian Communist influence. In the split of the party which soon followed the "bourgeoisie" went to the right, the peasants and a portion of the urban laborers to the left. The former, in control of the armed forces, were able to oust the Russian advisers and to set up a government which was "actually a neo-militaristic formation" and which "dropped the fight for attaining the goal set up by Dr. Sun Yat-sen in his principle of Nationalism and became allied with its opposite—foreign Imperialism." In June, 1929, the Chinese Communist party numbered 133,365 but its propaganda among the peasants was such that "early in 1930 it was estimated that at least 30,000,000 of China's 400,000,000 population were living under regional Communist régimes." In spite of the break in the Nationalist ranks the Nationalist movement in China "can never die and must succeed." Mr. Yakhontoff says nothing of the methods of Soviet envoys in inflaming the Chinese with hatred toward the "imperialistic powers," but declares: "Russia ceased to be an aggressor * * * and became * * * a power seeking to consolidate its position in the Far East. This has been attempted neither by encroaching on the territory of its neighbors, nor by taking advantage of their weakness, but by lawful agreements, based on equality of the contracting parties. Patiently enduring abuses and even humiliations in order not to fall a prey of provocations * * * and awaiting better days when the attitude of the outsiders will be changed and possibility for cooperation will be thus created, Soviet Russia has become actually a factor for peace in the Orient."

In the final portion of his work the author reviews the significance of four factors—population, raw materials, markets and cultural intercourse—in the problem of the Pacific and four possible means of solving the problem—the Open Door policy, imperialism, Pan-Asianism and cooperation. He raises the highly interesting question of China's probable choice of an economic system; he sees in cooperation the only feasible means to peace but thinks that "cooperation of Soviet Russia with others in the Far East" should be "cooperation for the benefit of China and not for her detriment."

The book is valuable as a survey of an immense field of contemporary international politics; it is written with candor and knowledge and comes opportunely to readers desirous of appreciating the forces at odds in the present Manchurian situation. Unfortu-

Continued from Page X

nately the author ranged too widely and has failed to present fresh materials from the Russian sources in any great degree. If his purpose was to avoid the appearance of partisanship it would have been better served by the presentation of factual and interpretative data from authentic Russian sources than by the extensive use of secondary materials from the writings of Western authors of varying authority.

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An autobiography of a Russian diplomat and landowner of the old régime, valuable not only as a political history but also as a picture of life in pre-war days.

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A defense of the British position during the war and since, admitting that the present situation is unsatisfactory and that it should be defined.

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